

**STATE OF MICHIGAN**

**MANAGEMENT PLAN**

**FOR**

**FUNDING UNDER SECTIONS 5310, 5311, 5316 AND 5317 OF THE  
FEDERAL PUBLIC TRANSPORTATION ACT**

*To improve the quality of life of Michigan residents by providing safe, efficient,  
responsive, and reliable public transit that integrates into an overall transportation  
system.*

**Revised March 2011**

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## **I. SECTION 5311**

### **ITEM A. PROGRAM GOALS AND OBJECTIVES**

The goals of the Section 5311 program are to enhance the mobility of people in nonurbanized areas for purposes such as health care, shopping, education, recreation, public and social services, and employment by encouraging the development, maintenance, improvement, and use of passenger transportation systems.

The state goals are:

1. To provide a reasonable level of public transportation service for all Michigan citizens.
  - a. Provide essential public transportation services to the mobility limited population of the state.
  - b. To achieve increased access to jobs, education, recreation, shopping, medical needs, and other cultural and social activities through public transportation.
  - c. Provide a level of public transportation service to the general population which is consistent with the achievement of local, state, and national social, economic, and environmental goals.
2. To maximize economic benefits through public transportation investments.
  - a. Create policies that foster low user costs through efficient operations of public transportation services.
  - b. Encourage an efficient mix of private, public, and quasi-public modes of transportation.
  - c. Encourage the development and implementation of advanced public transportation technologies.
  - d. Encourage economic development and new equipment opportunities in the state through public transportation expenditures.
3. Maximize positive environmental impacts achievable through the provision of public transportation service.
  - a. Provide public transportation services which contribute to the conservation of energy.

- b. Provide public transportation services which contribute to the reduction of air and noise pollution.
- c. Utilize public transportation to provide relief from traffic congestion and to reduce land requirements for transportation facilities.
- d. Coordinate public transportation and land use planning to encourage environmentally responsible land use practices.

The state objectives are:

- 1. The implementation of public transportation services to ensure that all the essential transportation needs of the mobility limited are met.
- 2. To obtain coordination and consolidation of public transportation services.
- 3. To assist the transit agencies to be more efficient and effective in providing public transportation.
- 4. To encourage long-term funding stability by obtaining a secure local funding base.

The degree to which achievement occurs will be dictated primarily by the physical, demographic, economic, and political characteristics of individual operating environments and availability of transportation resources. These goals are subject to stakeholder and public review through a number of processes.

First, Act 51 of the Public Acts of 1951, as amended, provides dedicated state funds for public transportation including matching funds for most federal programs. State funds are subject to the annual appropriation process for the allocation of funds to specific line items. The Michigan Department of Transportation (MDOT) provides input into the budgeting process based on the funding needed to meet our goals and objectives for each of the bureau's transit programs. The appropriations process is subject to public and stakeholder input as the annual appropriations bill moves through the legislature.

MDOT's public transportation programs are also subject to public and stakeholder review through MDOT's Five-Year Transportation Program. Each year, MDOT develops its Five-Year Transportation Program, an integrated program that lays out MDOT's proposed investments in highways, bridges, public transit, rail, aviation, marine, and non-motorized transportation for the next five years. The program is a continuous, interactive dialogue with the department's customers and stakeholders and has become the anchor of MDOT's project development and delivery systems. Within the Five Year Program, MDOT lays out its investment strategy for the state and federal transit funds that are programmed/distributed by MDOT.

Steps in development of the Five-Year Transportation program include:



- Obtaining approval of the draft document by MDOT leadership and the State Transportation Commission (STC). STC approval is preceded by an MDOT presentation of the draft program to the STC in a public meeting.
- Posting of the draft document to the Web for public comment.
- Conducting public listening sessions throughout the state for additional input on the program. Public involvement comments are documented, summarized, and presented to STC.
- Final approval of the document by the STC.
- Submittal of the final Five-Year Transportation Program to the Michigan State Legislature.

On a more long term basis, MDOT's public transportation programs have also been subject to review through its State Long Range Transportation Plan. In June 2007, MDOT released the state's 2005-2030 long-range transportation plan (Michigan Transportation Plan). The plan communicates MDOT's vision for our multi-modal transportation system over the next 25 years. Two years in the making, the plan is based on an unprecedented amount of public input and guidance from Michigan business, government and customer stakeholders.

More than 3,000 people attended public workshops and 2,600 submitted an online questionnaire, while another 3,300 households participated in a telephone survey to share their vision for Michigan's transportation future. Technical reports that support the plan, and are available on MDOT's website, provide the public with detailed information about MDOT's transit programs and how MDOT makes use of federal transit funding apportioned to the State under each federal formula program.

In addition to these state level processes, local agencies establish their goals for use of federal funds a number of ways. Public transit operators must submit an annual application consistent with Section 10e(7) of Act 51 of PA of 1951, as amended, to MDOT detailing their service goals and objectives for the coming year including the submission of a balanced budget. As part of the annual applications, agencies must post a public notice allowing individuals to review their application. The agencies are also required to submit quarterly and annual financial and non-financial reports. The rural task force process for distributing flexible funds specifically invites input and comment from local elected officials, community stakeholders and customers which ensures that local goals and objectives are addressed.

## **ITEM B. ROLES AND RESPONSIBILITIES**

MDOT has been designated by the Governor as the state administering agency for the Section 5311 program. Within MDOT, the Bureau of Passenger Transportation (BPT) has the responsibility of administering this program, and ensuring a fair and equitable distribution of funds, and that the program adheres to federal and state program guidelines. BPT notifies eligible applicants about the availability of the program, develops criteria, solicits applications, and monitors program compliance. BPT has sole responsibility to certify the eligibility of the applicants, review applications, select applications for inclusion in the program, ensure that audits are performed on all Section 5311 contracts, and close out projects. There are also other MDOT staff and state agencies that support BPT in administering federal programs. The Bureau's Administrative Division manages the

preparation and execution of state/local contracts. The Office of Equal Opportunity manages the department's Title VI, DBE, and EEO programs. Our Bureau of Finance and Administration executes contracts, provides accounting support, prepares and submits Federal Transit Administration's (FTA) financial status reports, and conducts ECHO drawdowns. The BTP has the lead on the statewide long range planning process. BPT participates by working with the transit community and attending public hearings. Michigan's Department of Technology, Management and Budget (MDTMB) conducts the vehicle procurements in accordance with specifications established by BPT.

## **ITEM C. COORDINATION**

The Governor and the legislature have charged MDOT with the responsibility for developing coordination/consolidation as a means of achieving enhanced efficiency and effectiveness of passenger transportation services throughout the State of Michigan. Significant progress in this regard has been made over the years. Cooperative efforts among public transportation agencies/authorities and groups/agencies in their communities have been and continue to be central to meeting this objective.

Section 10(e)(4)(c)(i) of Act 51 of the PA of 1951, as amended, requires all transit agencies to submit a coordination plan to be eligible for state or federal funding. The coordination plans are an important component of BPT funded programs. Existing coordination accomplishments and the transit agencies' plans to continue to improve those efforts in providing quality transportation are primary goals. These coordination plans are part of the applications that are submitted annually to BPT.

The plans and/or updates in the annual applications for state and state-administered federal public transportation financing are reviewed to ensure that coordination requirements are met. State and state-administered federal funds may not be programmed unless it is determined that coordination requirements are adequately addressed by the applicant. Section 5311 recipients are subject to this review.

MDOT has project managers assigned statewide working directly with all agencies to enhance and implement service coordination.

Also, to promote coordination among state departments, between 2003 and 2004, the BPT led a United We Ride Team with state agencies such as the Department of Human Services, the Department of Community Health, the Department of Labor and Economic Development, the Department of Education, and the Developmental Disability Council, and other stakeholders. MDOT consults individuals from this team, as needed, to provide state agency, service provider and user perspectives, make recommendations for improvement in transportation services for the elderly and individuals with disabilities, and provide feedback on applications and information for new programs before finalizing program requirements and guidelines.

## **ITEM D. ELIGIBLE SUBRECIPIENTS**

Section 5311 funds are apportioned to the states by a statutory formula based on the ratio of the nonurbanized population of each state to the nonurbanized population of all the states, according to the latest available U.S. Census. Eligible recipients may include state agencies, local public bodies and agencies, private nonprofit organizations, Indian Tribes and groups, and operators of public transportation services. Private for-profit operators of transit services may also participate in the program as long as they comply with all program requirements.

The State of Michigan distributes these funds to all legal public bodies that provide general public transportation in nonurbanized areas of Michigan, including Indian reservations, which receive funding from Section 10e(4)(a) of Act 51 of PA of 1951, as amended. There are presently some 70 eligible agencies and authorities throughout the state. Service areas range from multi-county regional transit systems, such as Thunder Bay Transportation Authority, to a small town the size of Alma. Practically all geographical areas of the state have public transportation systems of one form or another. There currently are no Indian reservations in Michigan providing public transportation.

## **ITEM E. ELIGIBLE SERVICES AND SERVICE AREAS**

Funds are available for public transportation projects and intercity bus transportation projects under capital or operating grants focusing on rural areas of the State of Michigan. Projects may include transportation into and out of urbanized areas, but the projects may not provide service exclusively within an urbanized area.

Transit agencies receiving assistance from this program may coordinate and assist in providing meal delivery services for homebound persons on a regular basis if the meal delivery services do not conflict with the provision of transit services or result in a reduction of service to transit passengers.

## **ITEM F. ELIGIBLE ASSISTANCE CATEGORIES**

### **Operating Assistance**

The federal funds are programmed under a federal grant through the FTA Regional office. Funds are distributed to those agencies which operate in nonurban areas and receive State Local Bus Operating Assistance funds from Section 10(e)(4)(a) of Act 51 of PA of 1951, and are distributed based on a percentage of estimated eligible costs from the transit agencies' annual applications. A maximum operating cap of 50 percent of net deficit is maintained. The Local Bus Operating Assistance provides, by statute, up to 60 percent of eligible operating expenses to nonurban transit agencies.

### **Capital Assistance**

Capital assistance is needed to maintain or improve the efficiency, effectiveness, and safety of the transit service provided to the general public. The Section 5311 share may

not exceed 80 percent of the net project cost. Funds are distributed using evaluation criteria described in Item H. Section 5311 recipients may receive FHWA funds through the Surface Transportation Program, the Congestion Mitigation and Air Quality Program or the Transportation Enhancement Program. The FHWA funds are then flexed to FTA and the projects are included in the Section 5311 Capital application.

#### **ITEM G. LOCAL SHARE AND LOCAL FUNDING REQUIREMENTS**

FTA requires a state/local match to access federal funds. Capital projects are matched 80 percent federal with a 20 percent state or local match while operating assistance is matched with at least a 50 percent state or local share. The match required to access federal capital funds is provided by the state utilizing a combination of cash and bond revenues. From FY 2005 through FY 2010, toll revenue credits were also used to match some of the eligible capital projects. The match required to access operating funds is provided by a combination of local funds and funds from the state's Local Bus Operating Assistance Program as described in Item F.

#### **ITEM H. PROJECT SELECTION CRITERIA AND METHOD OF DISTRIBUTING FUNDS**

All local public transportation projects are evaluated by BPT based upon four primary objectives:

1. Eligibility under Act 51.
2. Adequacy of service to the elderly and individuals with disabilities.
3. Reasonableness of existing and proposed level of service to the general public.
4. Level of coordination between human service agencies and the public transportation applicant.

The state distributes the majority of Section 5311 funds to eligible nonurbanized agencies as operating assistance. MDOT began charging administrative costs to this program in FY 2007.

MDOT submits a grant application through the federal Transportation Electronic Award Management System (TEAM) system.

#### **Operating**

An operating agreement is executed between the local transit agency and MDOT. When all the audits for a particular fiscal year are received, MDOT performs a final accounting. At the end of the three year period of availability for each operating assistance grant, MDOT prepares and submits to FTA a reconciliation based on audited costs. If audited costs are not available, costs from the agency's reconciled year-end operating assistance report are used. Each transit agency receives the set percentage for the fiscal year of their audited

eligible costs, except in the case where the set percentage times all the transit agencies' audited eligible costs exceeds the federal funds for that fiscal year and no federal operating funds are available in the next fiscal year to supplement. In this case, BPT calculates a new percentage dividing the federal funds available by the total audited eligible costs. A revised distribution is prepared applying the new percentage times the audited eligible costs of each agency. The federal grant is closed in accordance with MDOT's procedures on grant close-out.

## Capital

The state reviews and evaluates applications for capital assistance using the following criteria:

1. Items must meet the following replacement requirements:

<u>CATEGORY</u>	<u>USEFUL LIFE</u>
COMMUNICATION EQUIPMENT	5 YEARS
COMPUTERS	6 YEARS
CAR-MINIVAN-MAXIVAN-VAN CONVERSION	4 YEARS OR 100,000 MILES
BUSES-CUTAWAY* - purchased prior to 1/1/08	5 YEARS OR 150,000 MILES
BUSES-CUTAWAY* - purchased on or after 1/1/08	7 YEARS OR 200,000 MILES
BUSES-MEDIUM DUTY*	7 YEARS OR 200,000 MILES
BUSES-MEDIUM/HEAVY DUTY*	10 YEARS OR 350,000 MILES
BUSES-HEAVY/HEAVY DUTY*	12 YEARS OR 500,000 MILES
MAINTENANCE EQUIPMENT	DEPARTMENT APPROVAL

*\* all replacements are based on Altoona testing.*

2. Fleet size review is based on peak-period fleet needs plus 20 percent spare ratio.
3. Requests for items, such as tools or office furniture, must include a complete list of items to be purchased and unit costs. Justification must identify the original purchase date.
4. Requests for replacement equipment must be justified on the basis of the replacement schedule.
5. A facility request must be commensurate with the current level of service plus a reasonable factor for future expansion.
6. Expansion buses and related equipment must be designated as such and justified.
7. Items under \$300 are not eligible.

Some types of vehicles may be purchased by the transit agencies under the State of Michigan MiDeal program on a competitive bid basis through MDTMB. However, some vehicles are procured and purchased locally by the agencies. Detailed guidelines for both programs, including all the required forms, are on our website.

MDOT has certified to FTA its assurance that the state will include clauses required by federal statutes and executive orders and their implementing regulations in all state/local contracts. Local agencies must agree to abide by all the contract clauses before MDOT executes the contract.

The federal funds are programmed under one federal grant number through FTA's Regional office. MDOT distributes the funds based on the above criteria to each agency and submits a grant application through TEAM. When all the capital equipment is purchased, the federal grant is closed in accordance with MDOT's procedures on grant close-out. Records will be maintained for FTA review and/or audit for three years.

Vehicles purchased by nonurbanized agencies must have the State of Michigan designated as the first secured party on the title. The agencies are responsible for maintenance and insurance on the vehicle. If vehicles and equipment are disposed, it is done in accordance with MDOT's Disposal Procedures.

If the agency terminates operations, the title to the vehicle is transferred to the state and then granted and titled to another agency providing public transportation in nonurbanized areas.

## **ITEM I. INTERCITY BUS TRANSPORTATION**

Under Section 5311(f) of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), MDOT is required to spend 15 percent of its Section 5311 apportionment "to carry out a program to develop and support intercity bus transportation," unless the Governor certifies that Michigan's intercity bus service needs are being adequately met. Assistance under Section 5311 (f) must support intercity bus service in nonurbanized areas.

### **Needs Assessment Process**

BPT outreach includes providing the annual application instruction packet to intercity bus providers. This gives the providers an opportunity to review Section 5311(f) program information and application requirements on an annual basis.

### **Consultation Process**

MDOT has been spending 15 percent of its annual Section 5311 apportionment to develop and support intercity bus transportation. The funds are used to provide operating assistance to intercity carriers as well as construct or upgrade intermodal facilities.

If the state determines that all intercity needs have been met or that it does not have sufficient state match for the 5311(f) funds, a letter will be sent to the Michigan intercity

carriers and public transit agencies requesting intercity projects and if needed local match. This consultation process is in addition to annual consultation through our annual application process and our routine communications with the two intercity carriers that operate in Michigan. MDOT will review any projects submitted and determine the amount of 5311(f) funds that will be utilized. If there are remaining 5311(f) funds, the governor will certify that all intercity needs have been met and request a waiver from FTA.

## **Eligible Activities**

Funding is to support the connection between nonurbanized areas, and the larger regional or national system of intercity bus services; to support services to meet the intercity travel needs of residents in nonurbanized areas; and to support the infrastructure of the intercity bus network.

Intercity service is defined as regularly scheduled bus service for the general public which operates with limited stops over fixed routes connecting two or more urbanized areas not in close proximity, which has the capacity for transporting baggage carried by passengers, and which makes meaningful connections with scheduled intercity bus service to more distant points, if such service is available.

Assistance under Section 5311(f) must support intercity bus service in nonurbanized areas. Eligible activities include: facility improvements for intercity bus use; intercity bus shelters; signage; vehicles or vehicle related equipment such as wheelchair lifts for use in intercity service, and operating assistance. Other projects are not precluded.

## **Requirements**

Recipients must conform with all the requirements under Section 5311, including agreement in writing to the terms and conditions of the standard Section 5333(b) warranty for the Section 5311 program, or substitute arrangements approved by the U. S. Department of Labor.

## **ITEM J. ANNUAL PROGRAM OF PROJECTS DEVELOPMENT AND APPROVAL PROCESS**

Section 10(e) 6 of Act 51 of Public Acts of 1951, directs the department to annually prepare and distribute by December 1, instructions to eligible governmental agencies, eligible authorities, intercity carriers, and other interested parties, to enable the preparation of a local transportation program. The application forms are contained in the electronic Public Transportation Management System (PTMS) module of the Transportation Management System database, created by MDOT. The instructions and application forms may also be obtained on our web page.

The public transit operators submit an annual application for federal and state assistance. In the application they detail their goals and objectives for the coming year, along with the FTA requirements. The application requires information on the following sections:

1. Description of Service.

2. Project Coordination.
3. Public Input.
4. Title VI – Nondiscrimination.
5. Provisions for elderly and individuals with disabilities.

Copies of the applications are on file with BPT. The transit operators are required to hold public hearings when applicable. From these applications BPT prepares a program of projects for submittal to FTA. Upon approval of the program, submittal of the state assurances, and Special Section 5333(b) Warranty approval by the Department of Labor, MDOT processes a contract between MDOT and the local agency.

#### **ITEM K. FUNDS TRANSFERS**

It has been MDOT's practice not to transfer Section 5311 funds between urbanized and nonurbanized areas. Similarly, we do not expect to transfer Section 5310, 5316 or 5317 rural projects to Section 5311 recipients for administration. If we deem it necessary to transfer funds at some point in the future, we will develop a policy/procedure and revise the management plan.

#### **ITEM L. STATE ADMINISTRATION AND TECHNICAL ASSISTANCE**

Along with the operating and capital equipment assistance, MDOT provides technical services to the nonurbanized public transit agencies. The Section 5311 program allows states to use up to 15 percent of their annual apportionment to fund administrative functions. At this time MDOT is using about five percent of its annual apportionment for state administration to cover a portion of the salary and wage costs of BPT staff involved in the Section 5311 program.

In addition to the Section 5311 program manager, BPT assigns each agency a project manager, who provides project oversight and technical assistance as needed. Statewide training needs are determined annually and the level of state and local funding available determines the delivery of training. Training plans have included Frontline Training, Drug and Alcohol, Small Bus Roadeo, Financial Management for Transit, Vehicle and Equipment Seminar, and the Statewide Transit Conference.

BPT's web page is a source of information to the transit agencies and is a way for MDOT to provide technical and management assistance. Information found in the website include: application instructions and forms; audit and accounting information, reference manual for transit agencies, transportation laws and regulations; procurement; publications; calendar of events; links to other websites of interest.

#### **ITEM M. RURAL TRANSPORTATION ASSISTANCE PROGRAM (RTAP)**

In 1987, an advisory team was established to assist in the program review and development. The team consisting of BPT staff, Section 5310, and Section 5311 transit operators surveyed operators to determine their needs and interests. The program was then developed based on the information received.



As of October 1, 2007, MDOT's RTAP program is contracted out to the Michigan Public Transportation Association (MPTA) which administers the program in cooperation with BPT's training coordinator. MPTA pays RTAP funds to transit operators based on their requests in four categories: training, technical assistance, transit research, and related support services. MPTA submits quarterly invoices to MDOT for reimbursement of these four categories and administrative costs.

#### **ITEM N. PRIVATE SECTOR PARTICIPATION**

All state application requests are subject to public notice and the application must be available for public review for a period of 30 days. Local transit agencies are encouraged to involve the private sector in providing public transit services and when feasible contact private providers to evaluate possible areas where they could assist with the provision of public transit service.

#### **ITEM O. CIVIL RIGHTS**

Beneficiaries of state and/or federal funds from MDOT are required to submit a Title VI program which assures full and affirmative compliance with the requirements of the Civil Rights Act of 1964. Each contract, bid document, and proposal contains language pertaining to Title VI and DBE compliance. Sanctions for noncompliance include withholding of payments, withholding of bidding privileges, and reductions in prequalification ratings of construction contractors. All 5311 agencies are required to submit for MDOT approval their local Title VI plan.

MDOT has implemented a DBE program which requires recipients that receive federal funds to follow the requirements of 49 CFR, Part 26. Additionally, as required by 49 CFR, Part 26, MDOT has established both overall goals and contract goals to ensure that DBEs have the maximum opportunity to participate in contracts funded in whole, or in part, with federal funds.

Each transit agency is required to submit triennial goals for their agency and to report semi-annually on their DBE Commitments/Awards and Payments. This report includes purchases and final payments made during the reporting period. The report does not include purchases of land, transit vehicles, employee salaries or building utility payments. MDOT then reports the compiled information to FTA as is required by regulation. For all local procurements of vehicles, the transit agency must provide to MDOT a certification from the vehicle manufacturer that it has complied with the requirements of 49 CFR Part 26.

#### **ITEM P. MAINTENANCE**

Transit agencies are required by contract to maintain vehicles and facilities procured with state and/or federal funds for the useful life of the item.

Vehicle maintenance must comply with manufacturers' recommendations regarding service and service intervals. Agencies are required to submit a vehicle maintenance plan to BPT for review and approval. Project managers from BPT conduct triennial on-site reviews of each Transit Agency's vehicle maintenance program to ensure compliance with their approved plan. During this review, the project manager selects a random sample of the agency's fleet and conducts visual vehicle inspections along with a review of the vehicle's maintenance records. Project managers also use a checklist to monitor the maintenance of vehicle accessibility features during their field visits as well as the condition of federal and state funded facilities.

If federal funds were used to construct or make improvements to a transit facility, the agency is required to submit a facility maintenance plan to BPT for review and approval. Project managers from BPT conduct triennial on-site compliance reviews and monitor the implementation of the facility maintenance plan.

#### **ITEM Q. CHARTER RULE**

Recipients and subrecipients of FTA assistance are prohibited from providing charter service using federally funded equipment or facilities except under one of the exceptions at 49 CFR Section 604.2. Information must be provided quarterly to MDOT for any charter service provided under one of the exceptions. Agencies providing charter service under one of the exceptions must have an MDOT approved cost allocation plan so that the costs associated with the service are not included in their eligible expenses. Each subrecipient of Section 5311 funds must complete an annual certification of compliance with the charter service regulations and must also obtain certifications from any applicable subcontractors. BPT has developed a program to monitor subrecipient's compliance with charter regulations. BPT provides charter bus compliance information to Section 5311 agencies via general informational letters and detailed guidance in response to case-specific situations.

#### **ITEM R. SECTION 504 AND ADA REPORTING**

MDOT has the following methods in place to comply with Section 504 and ADA reporting:

1. All state-supported, line-haul public transportation vehicles must be accessible to wheelchair users. In addition, local elderly and individuals with disabilities accessibility plans are required by the state for all public transportation systems providing demand-responsive service. The state requirements of Section 10e(18) of Act 51 of PA of 1951, as amended, are incorporated with the federal requirements under 49 CFR, Part 27. Each agency that receives funds from Act 51 are required to annually submit a plan which describes how they do or will supply service to the elderly and individuals with disabilities equal to the level of service supplied to other segments of the general public. The local plans will be reviewed by a Local Advisory Council comprised of individuals with disabilities, elderly, human service agencies, and others who have an interest in public transportation services, along with a public hearing review. All nonurban agencies have prepared a complete

coordination plan and have submitted them to the state. The plans are updated each year and submitted with the state and Section 5311 application.

2. All state application requests according to Section 10e(6) of Act 51 of PA of 1951, as amended, are subject to public notice and the application must be available for public review for a period of 30 days.
3. Per Americans with Disabilities Act of 1990 (ADA) requirements, each applicant must certify that the demand-response service offered to individuals with disabilities, including persons 65 years of age or older, and users of wheelchairs, is equivalent to the level and quality of service offered to individuals without disabilities.
4. BPT monitors vehicles for the maintenance of ADA accessible features under the Vehicle Maintenance Monitoring Program. Project managers also use an MDOT developed FTA compliance checklist to do triennial monitoring of the transit agencies.
5. Titles II and III of the American with Disabilities Act of 1990 (ADA) provide that no entity shall discriminate against an individual with a disability in connection with the provision of transportation service. The law sets forth specific requirements for vehicle and facility accessibility and the provision of service. BPT monitors subrecipient's compliance with ADA requirements during the triennial review.

## **ITEM S. NATIONAL TRANSIT DATABASE (NTD) REPORTING**

The National Transit Database (NTD) is the FTA's primary national database for statistics on the transit industry. Recipients of FTA Section 5307 Urbanized Area Formula Program and Section 5311 Nonurbanized Area Formula Program are required by statute to submit data to the NTD. Section 5311 subrecipients submit their data using the PTMS. BPT staff enters the data into the NTD database.

## **ITEM T. STATE PROGRAM MANAGEMENT**

### **Cash Flow and Control of Funds**

Once the operating assistance grant is approved by FTA, payments are made quarterly. Within 40 days after the end of the state's fiscal year quarter, each agency is required to submit a Section 5311 Operating Assistance Report. If the actual eligible costs for the quarter times the reimbursement percentage calculated under Item H of this plan is lower than the amount paid to the agency, the allocation payment is adjusted. Payments are made to the agency using state funds and then MDOT requests reimbursement from FTA. Audits and close-out will be performed in accordance with Item H of this plan.

MDOT enters into an operating assistance contract with the local transit operator that specifies the obligations of both parties and sets a maximum amount of reimbursement of Section 5311 funds. The contract also stipulates that the State of Michigan and FTA have the authority to audit the records and operations of the agency. Each agency is audited by

a Certified Public Accountant and/or MDOT's Commission Audits. Final close-out is performed using actual audited revenue and expense figures. BPT staff performs audit citation follow-up.

Eligible expenses for Section 5311 operating assistance are determined by the Office of Management and Budget Circular A-102 and MDOT's Local Public Transit Revenue and Expense Manual.

## **Monitoring and Evaluation**

BPT requires annual financial and non-financial reports. These reports are used to determine state local bus operating assistance and to provide measures of system efficiency and effectiveness.

MDOT has implemented the PTMS based on UMTA Section 15 reporting requirements. This computer application allows MDOT to prepare informational and monitoring reports in several different formats and outputs.

Section 10e(18) of Act 51 of PA of 1951, as amended, requires each agency to provide detailed data on service to the elderly and individuals with disabilities, particularly those requiring a wheelchair lift.

Project Managers complete triennial compliance checklists for their agencies, make other visits when assistance is needed, and provide regular feedback to the operator of the system.

## **Financial Management/Accounting Systems**

MDOT maintains a financial management system of financial reporting, accounting records, internal controls, and budget controls subject to standards specified in state laws. The Michigan Administrative Information Network (MAIN) is the State's means for implementation and operation of a fully integrated automated financial management system for the State of Michigan.

The Contract Tracking System (C-TRAK) tracks and maintains information about BPT contracts, contract amendments, authorizations, authorization revisions, subcontracts and vendors. It provides access to and maintenance of data and some pre-defined reports.

## **Vehicle Use**

Subrecipients are allowed to use vehicles only for the intended purpose under the original agreement. Incidental use for meal delivery is allowed as long as it does not interfere with passenger transportation service. Although priority service is given to the intended program clients, vehicles must be available to the general public if capacity allows.

## **Procurement**

Procurement can be conducted directly by the subrecipient or through MDTMB's MiDeal Program. MDOT supplies subrecipients with guidelines outlining all federal and state

requirements for procurement of vehicles. MDOT reviews all local procurements for all federal requirements. We review procurements for all federally required clauses and ensure that subrecipients provide for full and open competition. The use of in-state or local preference clauses is not allowed. MDOT requires that subrecipients follow the Brooks Act for all architectural and engineering procurements that lead to construction.

For procurements greater than \$3,000 and less than \$100,000, MDOT requires that subrecipients document competitive quotations. For procurements of \$100,000 or greater, agencies must issue invitations for bids (IFB) or Request for Proposals (RFP) depending on the type of procurement. MDOT will review and approve all IFBs and RFPs if the federal funds flow through MDOT. MDOT will also review and approve all third party contracts of \$25,000 or greater unless the certified according to STC Policy.

### **Property Management**

MDOT has a lien on vehicle titles. MDOT is the first secured party for any vehicle purchased for nonurbanized subrecipients. Agencies update the vehicle listing in PTMS and project managers review the listing during the annual application process. The compliance checklist also includes a section on facilities. Asset listings are also included in an agency's annual compliance audit and auditors review and update the listings. MDOT's contract with the agency also states that facility/equipment must be used for public transportation and the agency must notify the project manager if the facility/equipment is being disposed. Agencies are required to list all equipment purchased with federal or state funds and facilities constructed or improved with federal or state funds in PTMS. Project managers check PTMS when payments are requested and during the triennial review.

### **Construction/Renovation of Facilities**

Facilities may only be built or renovated after obtaining a categorical exclusion or conducting an environmental impact study (See Item U). MDOT requires that subrecipients follow the Brooks Act for the procurement of architectural and engineering services that leads to construction and that adequate maintenance procedures are implemented to protect state and federally funded facilities.

## **ITEM U. OTHER PROVISIONS**

Section 5311 subrecipients must comply with other federal regulations and include them in their subcontracts when applicable. These include: Buy America; pre-award and post-delivery audit, drug and alcohol testing, and environmental protection for construction projects not subject to a general waiver.

**Buy America.** The Buy America requirements apply to construction contracts and acquisition of goods or rolling stock valued at more than \$100,000. The requirements flow down from Section 5311 subrecipients to first tier contractors, who are responsible for ensuring that lower tier contractors and subcontractors are in compliance. A Buy America clause is included in all Section 5311 subrecipient agreements and third party contracts. BPT monitors for compliance.

The pre-award and post delivery audit requirements apply to the acquisition of rolling stock. A clause is included in all subrecipient agreements and third party contracts.

**Drug and Alcohol Testing.** Anyone who performs a safety-sensitive function for the subrecipient is required to comply with Drug and Alcohol testing requirements, unless the contract is for maintenance services. Maintenance contractors and subcontractors for Section 5311 subrecipients are not subject to the rules.

Section 5311 subrecipients must establish and implement a drug and alcohol testing program that complies with 49 CFR Part 655, produce any documentation necessary to establish its compliance, and permit any authorized representative of US DOT or MDOT, to inspect the facilities and records associated with the implementation of the drug and alcohol testing program and review the testing process. Each subrecipient must certify to MDOT its compliance with Part 655 each year. To certify compliance subrecipients will use the certification included in the annual Section 5311 application. Drug and alcohol testing clauses are included in all Section 5311 subrecipient agreements and third party contracts. BPT has developed a monitoring program.

Most of the Section 5311 subrecipients belong to the MDOT Transit Drug and Alcohol Consortium. This consortium is administered by an external third party consultant, First Lab. BPT takes action with drug consortia administrators as well as the individual Section 5311 subrecipients in order to ensure that they are in full compliance with drug and alcohol testing regulations.

**Environmental Protection.** Proposed projects need to be looked at to determine their affect, if any, on the environment. Most capital projects under 5311 are “categorical exclusions” involving the acquisition of vehicles and vehicle related equipment. When 5311 funds are combined with 5309 earmarks, some projects may have an environmental impact. MDOT follows all environmental regulations. There are several categories of projects:

a. “Categorical Exclusions.” Many projects and activities assisted with bus category funds normally do not involve significant environmental impacts. The joint FHWA/FTA environmental regulations use the term “categorical exclusions” to describe those projects that are categorically excluded from the requirement to prepare an environmental document (environmental assessment or environmental impact statement). In accordance with the regulations, bus and bus-related projects that are predetermined to be categorical exclusions include:

1. The acquisition of buses to replace old buses.
2. The acquisition of buses for minor fleet expansions where use of these buses can be accommodated by existing facilities.
3. Bus rehabilitation.
4. Alterations to buses or facilities to make them accessible for the elderly and individuals with disabilities.
5. Purchase and installation of bus operating or maintenance equipment to be located within an existing facility, with no significant impacts off the project site.
6. Installation of fencing, signs, pavement markings, small passenger shelters, and traffic signals where no substantial land acquisition or traffic disruption will occur.

## 7. Construction of pedestrian and bicycle lanes, paths, and facilities.

b. Projects That May Have an Environmental Impact. A second group of bus category projects involve more construction and greater potential for off-site impacts. Examples are new construction or expansion of bus terminals and transfer facilities, bus storage and maintenance garages, office facilities, and transit centers with park-and-ride facilities. For these projects, the grant applicant must prepare environmental documentation with appropriate technical analysis to support a categorical exclusion, if appropriate, or a finding of no significant impact (FONSI), depending on the scope and magnitude of the probable environmental impacts.

Experience has shown that many construction projects can be built and operated without causing significant impacts if they are carefully sited in areas with compatible, non-residential land use where the primary access roads are adequate to handle the additional bus traffic. FTA may approve the designation of these construction projects as categorical exclusions if the grant applicant provides documentation which clearly demonstrates that the conditions stated above are met and that no significant adverse effects will result. For any project not meeting the conditions for a categorical exclusion, the grant applicant must prepare an environmental assessment (EA) which documents the impacts of the proposed project and considers alternatives to the proposed site or design. An EA is subject to public comment.

If significant environmental impacts are identified for a bus category project, an environmental impact statement (EIS) will be required. For example, the new construction or extension of a separate roadway for buses or high-occupancy vehicles which is not located within an existing highway right-of-way normally requires an EIS. FTA is not permitted to provide federal assistance to support a project requiring an EA or an EIS until FTA has completed the environmental review process and determined either that the project qualifies for a FONSI or that the final EIS supports a Federal grant for the project.

**Lobbying Restrictions.** Agencies applying for federal assistance exceeding \$100,000, must certify that no federal appropriated funds have been paid or will be paid, on their behalf, to influence or attempt to influence anyone pertaining to the award, continuation or modification of federal assistance. If funds other than federal appropriated funds have been used for this purpose, the agency is instructed to complete the Standard Form-LLL, "Disclosure Form to Report Lobbying."

**Transit Employee Protection.** All agencies must submit a letter to MDOT with their annual applications accepting the terms and conditions of the Special Section 5333(b) Warranty as well as a listing of any unions representing their employees. They must also include a listing of all other transportation providers in the agency's service area and their unions.

**School Transportation.** Agencies are instructed that they must comply with this rule. They sign an annual certification with their applications that they will engage in school transportation operations only to the extent permitted by an exception provided by 49 U.S.C. 5323(f).

## **II. SECTION 5310**

### **ITEM A. GOALS AND OBJECTIVES**

The state goal under the Section 5310 program is to provide assistance in meeting the special transportation needs of the elderly and individuals with disabilities in Michigan in order to give them access to health care, shopping, education, recreation, public and social services, and employment, by encouraging the development, maintenance, improvement, and use of passenger transportation services.

The state objectives are:

1. To promote the safe, effective, and efficient delivery of public transportation services to the elderly and individuals with disabilities.
  - a. Provide essential public transportation services to the elderly and individuals with disabilities.
  - b. To achieve increased access to jobs, education, recreation, shopping, medical needs, and other cultural and social activities.
2. To enhance coordination and consolidation of public transportation services in order to encourage the most efficient use of resources.
3. To encourage the development, maintenance, improvement, and use of passenger transportation services.

These goals are subject to stakeholder and public review through a number of processes.

First, Act 51 of the Public Acts of 1951, as amended, provides dedicated state funds for public transportation including matching funds for most federal programs. State funds are subject to the annual appropriation process for the allocation of funds to specific line items. MDOT provides input into the budgeting process based on the funding needed to meet our goals and objectives for each of the bureau's transit programs. The appropriations process is subject to public and stakeholder input as the annual appropriations bill moves through the legislature.

MDOT's public transportation programs are also subject to public and stakeholder review through MDOT's Five-Year Transportation Program. Each year, MDOT develops its Five-Year Transportation Program, an integrated program that lays out MDOT's proposed investments in highways, bridges, public transit, rail, aviation, marine, and non-motorized transportation for the next five years. The program is a continuous, interactive dialogue with the department's customers and stakeholders and has become the anchor of MDOT's project development and delivery systems. Within the Five Year Program, MDOT lays out its investment strategy for the state and federal transit funds that are programmed/distributed by MDOT.

Steps in development of the Five-Year Transportation program include:



- Obtaining approval of the draft document by MDOT leadership and the STC. STC approval is preceded by an MDOT presentation of the draft program to the STC in a public meeting.
- Posting of the draft document to the Web for public comment.
- Conducting public listening sessions throughout the state for additional input on the program. Public involvement comments are documented, summarized, and presented to STC.
- Final approval of the document by the STC.
- Submittal of the final Five-Year Transportation Program to the Michigan State Legislature.

On a more long term basis, MDOT's public transportation programs have also been subject to review through its State Long Range Transportation Plan. In June 2007, MDOT released the state's 2005-2030 long-range transportation plan (Michigan Transportation Plan). The plan communicates MDOT's vision for our multi-modal transportation system over the next 25 years. Two years in the making, the plan is based on an unprecedented amount of public input and guidance from Michigan business, government and customer stakeholders. More than 3,000 people attended public workshops and 2,600 submitted an online questionnaire, while another 3,300 households participated in a telephone survey to share their vision for Michigan's transportation future. Technical reports that support the plan, and are available on MDOT's website, provide the public with detailed information about MDOT's transit programs and how MDOT makes use of federal transit funding apportioned to the State under each federal formula program.

In addition to these state level processes, local agencies establish their goals for use of federal funds a number of ways. Public transit operators must submit an annual application consistent with Section 10e(7) of Act 51 of PA of 1951, as amended, to MDOT detailing their service goals and objectives for the coming year including the submission of a balanced budget. As part of the annual applications, agencies must post a public notice allowing individuals time to review their application. The rural task force process for distributing flexible funds and the Coordinated Public Transit-Human Services Transportation Plan specifically invite input and comment from local elected officials, community stakeholders and customers which ensures that local goals and objectives are addressed.

## **ITEM B. ROLES AND RESPONSIBILITIES**

MDOT has been designated by the Governor as the state administering agency for the Section 5310 program. Within MDOT, BPT has the responsibility of administering this program, and ensuring a fair and equitable distribution of funds, and that the program adheres to federal and state program guidelines. BPT notifies eligible applicants about the availability of the program, develops criteria, solicits applications, and monitors program compliance. BPT has sole responsibility to certify the eligibility of the applicants, review applications, select applications for inclusion in the program, ensure that all required audits are performed on Section 5310 contracts, and close out projects. There are also other MDOT staff and state agencies that support BPT in administering federal programs. The Bureau's Administrative Division manages the preparation and execution of state/local contracts and subcontracts. The Office of Equal Opportunity manages the department's Title VI, DBE, and EEO programs. Our Bureau of Finance and Administration executes

contracts, provides accounting support, prepares and submits FTA financial status reports, and conducts ECHO drawdowns. The BTP has the lead on the statewide long range planning process. BPT participates by working with the transit community and attending public hearings. BPT works with MDTMB to conduct vehicle procurements in accordance with FTA regulations.

## **ITEM C. COORDINATION**

The Governor and the legislature have charged MDOT with the responsibility for developing coordination/consolidation as a means of achieving enhanced efficiency and effectiveness of passenger transportation services throughout the State of Michigan. Significant progress in this regard has been made over the years. Cooperative efforts among public transportation agencies/authorities and groups/agencies in their communities have been and continue to be central to meeting this objective.

Section 10(e)(4)(c)(i) of Act 51 of the PA of 1951, as amended, requires all transit agencies to submit a coordination plan to be eligible for state or federal funding. The coordination plans are an important component of BPT funded programs. Existing coordination accomplishments and the transit agencies' plans to continue to improve those efforts in providing quality transportation are primary goals. These coordination plans are part of the applications that are submitted annually to BPT.

The plans in the annual applications for state and state-administered federal public transportation financing are reviewed to ensure that coordination requirements are met. State and state-administered federal funds may not be programmed unless it is determined that coordination requirements are adequately addressed by the applicant.

MDOT has project managers assigned statewide working directly with all agencies to enhance and implement service coordination.

Also, to promote coordination among state departments, between 2003 and 2004, the BPT led a United We Ride Team with state agencies such as the Department of Human Services, the Department of Community Health, the Department of Labor and Economic Development, the Department of Education, and the Developmental Disability Council, and other stakeholders. MDOT consults individuals from this team, as needed, to provide state agency, service provider and user perspectives, make recommendations for improvement in transportation services for the elderly and individuals with disabilities, and provide feedback on applications and information for new programs before finalizing program requirements and guidelines.

SAFETEA-LU requires that Section 5310 projects selected for funding must be derived from a locally developed, coordinated public transit-human services transportation plan. These plans were developed throughout Michigan in the urbanized and nonurbanized areas. The process for developing the plans required the involvement of public, private, non-profit and human services transportation providers, as well as the public. Public transit operators, including those funded under the urbanized and nonurbanized formula programs also participated. To be eligible for Section 5310 funds, the applicant must have an approved coordinated public transit-human services transportation plan which identifies the needs and strategies for the specific project. (Note: The locally developed coordinated

public transit-human services transportation plan required under SAFETEA-LU is in addition to the coordination plan required under Act 51 as described above. However, the Act 51 coordination plan served as the starting point for many of the coordinated public transit-human services transportation plans.)

#### **ITEM D. ELIGIBLE SUBRECIPIENTS**

Section 5310 funds are apportioned among the states by a formula which is based on the number of seniors and individuals with disabilities in each state according to the latest available U.S. Census.

This program provides capital funds for transportation purposes to private, nonprofit corporations and associations, and public agencies for the specific purpose of assisting them in providing transportation services meeting the special needs of seniors and individuals with disabilities.

There are three categories of eligible applicants for Section 5310 funds:

- a. Private nonprofit organizations,
- b. Public bodies that certify to the Governor that no nonprofit corporations or associations are readily available in an area to provide the service; or
- c. Public bodies approved by the state to coordinate services for elderly persons and individuals with disabilities.

Local public bodies eligible to apply for Section 5310 funds as coordinators of services for elderly persons and individuals with disabilities are those designated by the state to coordinate human service activities in a particular area. Examples of such eligible public bodies are a county agency on aging or a public transit provider which the state has identified as the lead agency to coordinate transportation service funded by multiple federal or state human service programs.

#### **ITEM E. LOCAL SHARE AND LOCAL FUNDING REQUIREMENTS**

FTA requires a state/local match to access federal funds. Capital projects are matched 80 percent federal with a 20 percent state or local match. The match required to access federal capital funds is provided by the state utilizing a combination of cash, bond revenues, and toll revenue credits. Local share is not required at this time.

#### **ITEM F. PROJECT SELECTION CRITERIA AND METHOD OF DISTRIBUTING FUNDS**

The state distributes all Section 5310 funds to eligible nonprofit corporations and associations, and public agencies. No MDOT administrative costs are charged to this program.

The state reviews and evaluates all applications utilizing the following criteria:

1. Vehicles must meet the following replacement criteria (either by years and/or miles):
 

CAR-MINIVAN-MAXIVAN-VAN CONVERSION	4 YEARS OR 100,000 MILES
BUSES-CUTAWAY* - purchased prior to 1/1/08	5 YEARS OR 150,000 MILES
BUSES-CUTAWAY* - purchased on or after 1/1/08	7 YEARS OR 200,000 MILES
BUSES-MEDIUM DUTY*	7 YEARS OR 200,000 MILES
BUSES-MEDIUM/HEAVY DUTY*	10 YEARS OR 350,000 MILES
BUSES-HEAVY/HEAVY DUTY*	12 YEARS OR 500,000 MILES

*\* all replacements are based on Altoona testing.*
2. Financial commitment by the applicant (via a balanced operating budget submitted with the application) to assure operating funds are available.
3. Degree to which the organization is meeting the transportation needs of elderly persons and individuals with disabilities.
4. Appropriateness of the quantity and type of vehicles for meeting the special transportation needs of client population.
5. Endorsements provided by local units of government, transit operators, and social service agencies.
6. The degree to which the applicant documents coordination with present and long-range plans for public transportation and other social services in the service area. This should be presented in the locally developed Coordinated Public Transit-Human Service Transportation Plan.
7. Documentation of local initiative, organization, fiscal resources and management capability, equipment inventory, proper maintenance procedures, and overall technical capacity.
8. Items under \$300 are not eligible.
9. All other state and federal funding sources must be exhausted before a Section 5310 request is considered. Priority shall be placed on the funding of replacement vehicles prior to expansion vehicles. If there is insufficient funding available, vehicles shall be included in the FTA Section 5310 program in the following order of priority:
  - a. Agencies replacing vehicles previously awarded to them under the FTA 5310 program that have met both mileage and age criteria. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next category.

- b. Private, nonprofit agencies operating public transportation systems funded under the State Operating Assistance Program (Section 10e(4)(a) financed from other funding sources and used for transportation of the elderly and/or individuals with disabilities requesting replacement vehicles that have met both age and mileage criteria. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next category.
- c. Agencies funded under the existing Specialized Services Operating Assistance program replacing vehicles that have met both age and mileage criteria and were financed from other funding sources and used for transportation of the elderly and/or individuals with disabilities. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next level of priority.
- d. Agencies not currently participating in this Specialized Services program requesting replacement vehicles that have met both age and mileage criteria and were financed from other funding sources and used for transportation of the elderly and/or individuals with disabilities. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next level of priority.
- e. Agencies replacing vehicles previously awarded to them under the FTA Section 5310 program that have met age **or** mileage criteria. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next level of priority.
- f. Private, non-profit agencies operating public transportation systems funded under the State Operating Assistance Program [Sec. 10e(4)(a)] financed from other funding sources and used for transportation of the elderly and/or individuals with disabilities requesting replacement of vehicles that have met age **or** mileage criteria. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next level of priority.
- g. Agencies funded under the existing Specialized Services Operating Assistance Program replacing vehicles that have met age **or** mileage criteria and were financed from other funding sources and used for transportation of the elderly and/or individuals with disabilities. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next level of priority.
- h. Agencies not currently participating in the Specialized Services Program requesting replacement of vehicles that have met age **or** mileage criteria and were financed from other funding sources and used for transportation of the

elderly and/or individuals with disabilities. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next level of priority.

- i. Agencies requesting expansion vehicles to provide new specialized transportation services in areas where no existing transportation services are available. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next level of priority.
- j. Agencies participating in the FTA Section 5310 program, requesting expansion vehicles. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next level of priority.
- k. Agencies operating specialized services and currently participating in the Specialized Services Operating Assistance Program requesting expansion vehicles. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next level of priority.
- l. Agencies not currently participating in the Specialized Services Operating Assistance Program requesting expansion vehicles, who provide specialized transportation services in areas where transportation services are available. Two vehicles, but not more than one large bus, per agency until all approved requests for vehicles under this priority have been funded before proceeding to the next level of priority.
- m. After all the above vehicle priorities have been met, any remaining funds may be used to purchase other approved capital equipment.

Section 5310 recipients may receive FHWA funds through the Surface Transportation Program, the Congestion Mitigation and Air Quality Program or the Transportation Enhancement Program. The FHWA funds are then flexed to FTA and the projects are included in the Section 5310 Capital application.

## **ITEM G. PRIVATE SECTOR PARTICIPATION**

All state application requests are subject to public notice and the application must be available for public review for a period of 30 days. Local transit agencies are encouraged to involve the private sector in providing public transit services and when feasible contact private providers to evaluate possible areas where they could assist with the provision of public transit service.

## **ITEM H. CIVIL RIGHTS**

As part of the application process, MDOT asks the applicant to identify whether or not the applicant is a minority organization, and to identify the ethnic composition of its ridership. BPT's Project Managers contact all applicants from nonprofit organizations including those identified as operated by minorities to help them and to make sure they are aware of the assistance that is available from the Bureau in all phases of the grant application process.

Beneficiaries of state and/or federal funds from MDOT are required to submit a Title VI program which assures full and affirmative compliance with the requirements of the Civil Rights Act of 1964. Each contract, bid document, and proposal contains language pertaining to Title VI and DBE compliance. Sanctions for noncompliance include withholding of payments, withholding of bidding privileges, and reductions in prequalification ratings of construction contractors.

MDOT has implemented a DBE program which requires recipients that receive federal funds to follow the requirements of 49 CFR, Part 26. Additionally, as required by 49 CFR, Part 26, MDOT has established both overall goals and contract goals to ensure that DBEs have the maximum opportunity to participate in contracts funded in whole, or in part, with federal funds.

Each transit agency is required to submit triennially their agency's goal information and to report semi-annually on their DBE Commitments/Awards and Payments. This report includes purchases and final payments made during the reporting period. The report does not include purchases of land, transit vehicles, employee salaries or building utility payments. MDOT then reports the compiled information to FTA as is required by regulation. For all local procurements of vehicles, the transit agency must provide to MDOT a certification from the vehicle manufacturer that it has complied with the requirements of 49 CFR Part 26.

## **ITEM I. MAINTENANCE**

Transit agencies are required by contract to maintain vehicles and facilities procured with state and/or federal funds for the useful life of the item.

Vehicle maintenance must comply with manufacturers' recommendations regarding service and service intervals. Agencies are required to submit a vehicle maintenance plan to BPT for review and approval. Project managers from BPT conduct triennial on-site reviews of each Transit Agency's vehicle maintenance program to ensure compliance with their approved plan. During this review, the project manager selects a random sample of the agency's fleet and conducts visual vehicle inspections along with a review of the vehicle's maintenance records. Project managers also use a checklist to monitor the maintenance of vehicle accessibility features during their field visits as well as the condition of federal and state funded facilities.

If federal funds were used to construct or make improvements to a transit facility, the agency is required to submit a facility maintenance plan to BPT for review and approval. Project managers from BPT conduct triennial on-site compliance reviews and monitor the implementation of the facility maintenance plan.

#### **ITEM J. CHARTER RULE**

Recipients and subrecipients of FTA assistance are prohibited from providing charter service using federally funded equipment or facilities except under one of the exceptions at 49 CFR Section 604.2. Information must be provided quarterly to MDOT for any charter service provided under one of the exceptions. Agencies providing charter service under one of the exceptions must have a MDOT approved cost allocation plan so that the costs associated with the service are not included in their eligible expenses. Each subrecipient of Section 5310 funds must complete an annual certification of compliance with the charter service regulations and must also obtain certifications from any applicable subcontractor. BPT has developed a program to monitor subrecipient's compliance with charter regulations. BPT provides charter bus compliance information to Section 5310 agencies via general informational letters and detailed guidance in response to case-specific situations.

#### **ITEM K. PROGRAM MEASURES**

By October 31 each year, BPT submits to FTA a program status report for each active grant, covering the 12-month period ending September 30. A part of this report captures program measures established by FTA. Since September 2009, the BPT has also provided quarterly status reports to FTA covering all open and active grants.

#### **ITEM L. COMMERCIAL DRIVER'S LICENSE (CDL)**

A person driving a vehicle designed to carry 16 or more people (including the driver), needs to have a Commercial Driver's License (CDL). BPT monitors for this requirement during the triennially review with all Section 5310 agencies.

#### **ITEM M. ANNUAL PROGRAM OF PROJECTS DEVELOPMENT AND APPROVAL PROCESS**

Section 10(e) 6 of Act 51 of Public Acts of 1951, directs the department to annually prepare and distribute by December 1, instructions to eligible governmental agencies, eligible authorities, intercity carriers, and other interested parties, to enable the preparation of a local transportation program. The application forms are contained in the electronic PTMS module of the Transportation Management System database, created by MDOT. The instructions and application forms may also be obtained on our web page.



The public transit operators submit an annual application for federal and state assistance. In the application they detail their goals and objectives for the coming year, along with the FTA requirements. The application requires information on the following sections:

1. Description of Service.
2. Project Coordination.
3. Public Input.
4. Title VI – Nondiscrimination.
5. Provisions for elderly and individuals with disabilities.

Copies of the applications are on file with BPT. The transit operators are required to hold public hearings when applicable. From these applications BPT prepares a program of projects for submittal to FTA. MDOT processes a contract between MDOT and the local agency.

#### **ITEM N. SECTION 504 AND ADA REPORTING**

MDOT has the following methods in place to comply with Section 504 and ADA reporting:

1. All state-supported, line-haul public transportation vehicles must be accessible to wheelchair users. In addition, local elderly and individuals with disabilities accessibility plans are required by the state for all public transportation systems providing demand-responsive service. The state requirements of Section 10e(18) of Act 51 of PA of 1951, as amended, are incorporated with the federal requirements under 49 CFR, Part 27. Each nonurban agency is required to submit a plan which describes how they do or will supply service to the elderly and individuals with disabilities equal to the level of service supplied to other segments of the general public. The local plans will be reviewed by a Local Advisory Council comprised of individuals with disabilities, elderly, human service agencies, and others who have an interest in public transportation services, along with a public hearing review. All nonurban agencies have prepared a complete coordination plan and have submitted them to the state. The plans are updated each year and submitted with the state and Section 5310 application.
2. All state application requests according to Section 10e(6) of Act 51 of PA of 1951, as amended, are subject to public notice and the application must be available for public review for a period of 30 days.
3. Per Americans with Disabilities Act of 1990 (ADA) requirements, each applicant must certify that the demand-response service offered to individuals with disabilities, including persons 65 years of age or older, and users of wheelchairs, is equivalent to the level and quality of service offered to individuals without disabilities.
4. BPT monitors vehicles for the maintenance of ADA accessible features under the Vehicle Maintenance Monitoring Program. Project managers also use an MDOT

developed FTA compliance checklist to do triennial monitoring of the transit agencies.

5. Titles II and III of the American with Disabilities Act of 1990 (ADA) provide that no entity shall discriminate against an individual with a disability in connection with the provision of transportation service. The law sets forth specific requirements for vehicle and facility accessibility and the provision of service. BPT monitors subrecipient's compliance with ADA requirements during the triennial review.

## **ITEM O. FUNDS TRANSFERS**

It has been MDOT's practice not to transfer Section 5310 funds between urbanized and nonurbanized areas. Similarly, we do not expect to transfer Section 5311, 5316 or 5317 rural projects to Section 5310 recipients for administration. If we deem it necessary to transfer funds at some point in the future, we will develop a policy/procedure and revise the management plan.

## **ITEM P. STATE ADMINISTRATION AND TECHNICAL ASSISTANCE**

Along with capital funding assistance, MDOT provides technical services to the nonurbanized public transit agencies. The Section 5310 program allows states to use up to 10 percent of their annual apportionment to fund administrative functions. At this time MDOT is not using Section 5310 for state administrative costs.

In addition to the Section 5310 program manager, BPT assigns each agency a project manager, who provides project oversight and technical assistance as needed. Statewide training needs are determined annually and the level of state and local funding available determines the delivery of training. Training events have included Frontline Training, Drug and Alcohol, Vehicle and Maintenance Seminar, and the Statewide Transit Conference.

BPT's Web page is a source of information to the transit agencies and is a way for MDOT to provide technical and management assistance. Information found on the website include: application instructions and forms; audit and accounting information, reference manual for transit agencies, transportation laws and regulations; procurement; publications; calendar of events; links to other web sites of interest.

## **ITEM Q. STATE PROGRAM MANAGEMENT**

### **Cash Flow and Control of Funds**

Once the capital assistance program is approved by FTA, payments are made based on actual invoices and request for reimbursement from the subrecipients. Payments are made to the agency using state funds and then MDOT requests reimbursement from FTA. Audits and close-out are performed in accordance with State and Federal requirements.

MDOT enters into a capital assistance contract with the subrecipient that specifies the obligations of both parties and sets a maximum amount of reimbursement of Section 5310 funds. The contract also stipulates that the State of Michigan and FTA have the authority to audit the records and operations of the agency. Each agency is audited by a Certified Public Accountant and/or MDOT's Office of Commission Audit if funding levels dictate. BPT staff performs audit citation follow-up.

## **Monitoring and Evaluation**

MDOT has implemented the PTMS based on UMTA Section 15 reporting requirements. This computer application allows MDOT to prepare informational and monitoring reports in several different formats and outputs. PTMS is used to collect program application information and to monitor 5310 fleets for replacement eligibility.

Section 10e(18) of Act 51 of PA of 1951, as amended, requires each agency receiving state operating assistance for their Section 5310 service to provide detailed data on service to the elderly and individuals with disabilities, particularly those requiring a wheelchair lift.

Project Managers complete triennial compliance checklists for their agencies, make other visits when assistance is needed, and provide regular feedback to the operator of the system.

## **Financial Management/Accounting Systems**

MDOT maintains a financial management system of financial reporting, accounting records, internal controls, and budget controls subject to standards specified in state laws.

The Michigan Administrative Information Network (MAIN) is responsible for the implementation and operation of a fully integrated automated financial management system for the State of Michigan.

The Contract Tracking System (C-TRAK) tracks and maintains information about BPT contracts, contract amendments, authorizations, authorization revisions, and vendors. It provides access to and maintenance of data and it provides a querying tool for customized reports and pre-defined reports.

## **Vehicle Use**

Subrecipients are allowed to use vehicles only for the intended purpose under the original agreement. Incidental use for meal delivery is allowed as long as it does not interfere with passenger transportation service. Although priority service is given to seniors and individuals with disabilities, vehicles must be available to the general public if capacity allows.

## **Procurement**

Procurement can be conducted directly by the subrecipient or through MDTMB's MiDeal Program. MDOT supplies subrecipients with guidelines outlining all federal and state

requirements for procurement of vehicles. MDOT reviews all local procurements for all federal requirements. We review procurements for all federally required clauses and ensure that subrecipients provide for full and open competition. The use of in-state or local preference clauses is not allowed. MDOT requires that subrecipients follow the Brooks Act for all architectural and engineering procurements that lead to construction.

For procurements greater than \$3,000 and less than \$100,000, MDOT requires that subrecipients document competitive quotations. For procurements of \$100,000 or greater, agencies must issue invitations for bids (IFB) or Request for Proposals (RFP) depending on the type of procurement. MDOT will review and approve all IFBs and RFPs if the federal funds flow through MDOT. MDOT will also review and approve all third party contracts of \$25,000 or greater unless the certified according to STC Policy.

### **Property Management**

MDOT has a lien on vehicle titles. MDOT is the first secured party for any vehicle purchased for nonurbanized subrecipients. Agencies update the vehicle listing in the PTMS and project managers review the listing during the annual application process. The compliance checklist also includes a section on facilities. Asset listings are also included in an agency's annual compliance audit and auditors review and update the listings. MDOT's contract with the agency also states that facility/equipment must be used for public transportation and the agency must notify the project manager if the facility/equipment is being disposed.

### **Construction/Renovation of Facilities**

Facilities may only be built or renovated after obtaining a categorical exclusion or conducting an environmental impact study (See Item P). MDOT requires that subrecipients follow the Brooks Act for the procurement of architectural and engineering services that leads to construction and that adequate maintenance procedures are implemented to protect state and federally funded facilities. Formal compliance review is conducted by the project managers every three years.

## **ITEM R. OTHER PROVISIONS**

Section 5310 subrecipients must comply with other federal regulations and include them in their subcontracts when applicable. These include: Buy America; pre-award and post-delivery audit, and environmental protection for construction projects not subject to a general waiver.

**Buy America.** The Buy America requirements apply to construction contracts and acquisition of goods or rolling stock valued at more than \$100,000. The requirements flow down from Section 5310 subrecipients to first tier contractors, who are responsible for ensuring that lower tier contractors and subcontractors are in compliance. A Buy America clause is included in all Section 5310 subrecipient agreements and third party contracts. BPT monitors for compliance.

The pre-award and post delivery audit requirements apply to the acquisition of rolling stock. A clause is included in all subrecipient agreements and third party contracts.

**Environmental Protection.** Proposed projects need to be looked at to determine their affect if any on the environment. Most capital projects under 5310 are “categorical exclusions” involving the acquisition of vehicles and vehicle related equipment. MDOT follows all environmental regulations. There are several categories of projects:

a. "Categorical Exclusions." Many projects and activities assisted with bus category funds normally do not involve significant environmental impacts. The joint FHWA/FTA environmental regulations use the term "categorical exclusions" to describe those projects that are categorically excluded from the requirement to prepare an environmental document (environmental assessment or environmental impact statement). In accordance with the regulations, bus and bus-related projects that are predetermined to be categorical exclusions include:

1. The acquisition of buses to replace old buses.
2. The acquisition of buses for minor fleet expansions where use of these buses can be accommodated by existing facilities.
3. Bus rehabilitation.
4. Alterations to buses or facilities to make them accessible for the elderly and persons with disabilities.
5. Purchase and installation of bus operating or maintenance equipment to be located within an existing facility, with no significant impacts off the project site.
6. Installation of fencing, signs, pavement markings, small passenger shelters, and traffic signals where no substantial land acquisition or traffic disruption will occur.
7. Construction of pedestrian and bicycle lanes, paths, and facilities.

b. Projects That May Have an Environmental Impact. A second group of bus category projects involve more construction and greater potential for off-site impacts. Examples are new construction or expansion of bus terminals and transfer facilities, bus storage and maintenance garages, office facilities, and transit centers with park-and-ride facilities. For these projects, the grant applicant must prepare environmental documentation with appropriate technical analysis to support a categorical exclusion, if appropriate, or a finding of no significant impact (FONSI), depending on the scope and magnitude of the probable environmental impacts.

Experience has shown that many construction projects can be built and operated without causing significant impacts if they are carefully sited in areas with compatible, non-residential land use where the primary access roads are adequate to handle the additional bus traffic. FTA may approve the designation of these construction projects as categorical exclusions if the grant applicant provides documentation which clearly demonstrates that the conditions stated above are met and that no significant adverse effects will result. For any project not meeting the conditions for a categorical exclusion, the grant applicant must prepare an environmental assessment (EA) which documents the impacts of the proposed project and considers alternatives to the proposed site or design. An EA is subject to public comment.

If significant environmental impacts are identified for a bus category project, an environmental impact statement (EIS) will be required. For example, the new construction or extension of a separate roadway for buses or high-occupancy vehicles which is not located within an existing highway right-of-way normally requires an EIS. FTA is not permitted to provide federal assistance to support a project requiring an EA or an EIS until FTA has completed the environmental review process and determined either that the project qualifies for a FONSI or that the final EIS supports a Federal grant for the project.

**Lobbying Restrictions.** Agencies applying for federal assistance exceeding \$100,000, must certify that no federal appropriated funds have been paid or will be paid, on their behalf, to influence or attempt to influence anyone pertaining to the award, continuation or modification of federal assistance. If funds other than federal appropriated funds have been used for this purpose, the agency is instructed to complete the Standard Form-LLL, "Disclosure Form to Report Lobbying."

**Transit Employee Protection.** Not required under the 5310 program except on a case-by-case basis for large transfers of flexible funds to a large urbanized area.

**School Transportation.** Agencies are instructed that they must comply with this rule. They sign an annual certification with their applications that they will engage in school transportation operations only to the extent permitted by an exception provided by 49 U.S.C. 5323(f).

**Drug and Alcohol Testing.** Subrecipients that receive only Section 5310, JARC, or New Freedom Assistance are not subject to FTA's Drug and Alcohol testing rules, but must comply with the Federal Motor Carrier Safety Administration (FMCSA) rule for employees who hold Commercial Driver's Licenses (49 CFR part 382). Section 5310 subrecipients that also receive funding under one of the covered FTA programs (Section 5307, 5311 and 5309) should include any employees funded under Section 5310 projects in their testing program. Language explaining drug and alcohol compliance is included in all contracts with subrecipients, and training is provided to subrecipients regarding drug and alcohol testing requirements.

### **III. SECTION 5316**

#### **ITEM A. GOALS AND OBJECTIVES**

The state goal under the Section 5316 program is to improve access to transportation services to employment and employment-related activities. This program has two types of projects: Job Access addresses the need for transportation to employment for low income individuals or welfare recipients. Reverse Commute provides transportation to employment opportunities from urban and nonurban areas to suburban areas for individuals of all income levels.

The state objectives are:

1. To promote the safe, effective, and efficient delivery of public transportation services to low income individuals or welfare recipients for employment opportunities.
  - a. Provide essential public transportation services to low income individuals.
  - b. To achieve increased access to jobs, education, and all employment-related activities.
2. To enhance transportation options to employment opportunities in suburban areas when traveling from outside the suburban area.
3. To enhance coordination and consolidation of public transportation services in order to encourage the most efficient use of resources.
4. To encourage the development, maintenance, improvement, and use of passenger transportation services.

These goals are subject to stakeholder and public review through a number of processes.

First, Act 51 of the Public Acts of 1951, as amended, provides dedicated state funds for public transportation that is then subject to the annual appropriation process for the allocation of funds to specific line items. MDOT provides input into the budgeting process based on the funding needed to meet our goals and objectives for each of the bureau's transit programs. The appropriations process is subject to public and stakeholder input as the bill moves through the legislature.

MDOT's public transportation programs are also subject to public and stakeholder review through MDOT's Five-Year Transportation Program. Each year, MDOT develops its Five-Year Transportation Program, an integrated program that lays out MDOT's proposed investments in highways, bridges, public transit, rail, aviation, marine, and non-motorized transportation for the next five years. The program is a continuous, interactive dialogue with the department's customers and stakeholders and has become the anchor of MDOT's project development and delivery systems. Within the Five Year Program, MDOT lays out its investment strategy for the state and federal transit funds that are programmed/

distributed by MDOT.

Steps in development of the Five-Year Transportation program include:

- Obtaining approval of the draft document by MDOT leadership and the STC. STC approval is preceded by an MDOT presentation of the draft program to the STC in a public meeting.
- Posting of the draft document to the Web for public comment.
- Conducting public listening sessions throughout the state for additional input on the program. Public involvement comments are documented, summarized, and presented to STC.
- Final approval of the document by the STC.
- Submittal of the final Five-Year Transportation Program to the Michigan State Legislature.

On a more long term basis, MDOT's public transportation programs have also been subject to review through its State Long Range Transportation Plan. In June 2007, MDOT released the state's 2005-2030 long-range transportation plan (MI Transportation Plan). The plan communicates MDOT's vision for our multi-modal transportation system over the next 25 years. Two years in the making, the plan is based on an unprecedented amount of public input and guidance from Michigan business, government and customer stakeholders. More than 3,000 people attended public workshops and 2,600 submitted an online questionnaire, while another 3,300 households participated in a telephone survey to share their vision for Michigan's transportation future. Technical reports that support the plan, and are available on MDOT's website, provide the public with detailed information about MDOT's transit programs and how MDOT makes use of federal transit funding apportioned to the State under each federal formula program.

In addition to these state level processes, local agencies establish their goals for use of federal funds a number of ways. Public transit operators must submit an annual application consistent with Section 10e(7) of Act 51 of PA of 1951, as amended, to MDOT detailing their service goals and objectives for the coming year including the submission of a balanced budget. A public notice is published allowing interested individuals 30 days to review the application. The Coordinated Public Transit-Human Services Transportation Plan specifically invites input and comment from local elected officials, community stakeholders and customers which ensures that local goals and objectives are addressed.

## **ITEM B. ROLES AND RESPONSIBILITIES**

MDOT has been designated by the Governor as the state administering agency for the Section 5316 program. Within MDOT, the BPT has the responsibility of administering this program, and ensuring a fair and equitable distribution of funds, and that the program adheres to federal and state program guidelines. BPT notifies eligible applicants about the availability of the program, develops criteria, solicits applications, and monitors program compliance. BPT has sole responsibility to certify the eligibility of the applicants, review applications, select applications for inclusion in the program, ensure that all required audits



are performed on Section 5316 contracts, and close out projects. There are also other MDOT staff and state agencies that support BPT in administering federal programs. The Bureau's Administrative Division manages the preparation and execution of state/local contracts and subcontracts. The Office of Equal Opportunity manages the department's Title VI, DBE, and EEO programs. Our Bureau of Finance and Administration executes contracts, provides accounting support, prepares, and submits FTA financial status reports, and conducts ECHO drawdowns. The BTP has the lead on the statewide long range planning process. BPT participates by working with the transit community and attending public hearings. MDTMB assists BPT in the procurement of vehicles in accordance with specifications established by BPT.

### **ITEM C. COORDINATION**

SAFETEA-LU requires that Section 5316 projects selected for funding must be derived from a locally developed, coordinated public transit-human services transportation plan. These plans were developed throughout Michigan in the urbanized and nonurbanized areas. The process for developing the plans required the involvement of public, private, non-profit and human services transportation providers, as well as the public. Public transit operators, including those funded under the urbanized and nonurbanized formula programs were also participants. To be eligible for 5316 funds, subrecipients had to submit and have approved by BPT a coordinated public transit-human services transportation plan which identifies the needs and strategies for the specific project. Each plan identifies the groups and task involved in the outreach or coordination efforts. Some agencies combined with others in a more regional approach and are combined in one coordinated plan. The number of eligible subrecipients varies from year to year. There is no way to anticipate the number of coordinated public transit-human services transportation plans which will be submitted.

Also, to promote coordination among state departments, between 2003 and 2004, the BPT led a United We Ride Team with state agencies such as the Department of Human Services, the Department of Community Health, the Department of Labor and Economic Development, the Department of Education, and the Developmental Disability Council, and other stakeholders. MDOT consults individuals from this team, as needed, to provide state agency, service provider and user perspectives, make recommendations for improvement in transportation services for the elderly and individuals with disabilities, and provide feedback on applications and information for new programs before finalizing program requirements and guidelines.

### **ITEM D. ELIGIBLE RECIPIENTS**

Section 5316 funds are apportioned among the states by a formula which is based on the ratio that the number of eligible low-income and welfare recipients in each area bears to the number of eligible low-income and welfare recipients in all such areas. The low-income population is determined according to the latest available U.S. census data for individuals whose family income is below 150 percent of the poverty line. The annual apportionment

for JARC is published in the Federal Register following the enactment of the annual DOT appropriations act. For small urbanized areas and for nonurbanized areas, the State is the designated recipient and applies directly to FTA for Section 5316 grant funds. Eligible subrecipients are private non-profit organizations, state or local governmental authorities, or operators of public transportation services.

#### **ITEM E. LOCAL SHARE AND LOCAL FUNDING REQUIREMENTS**

This program provides funds for capital, planning, and operating assistance to support all eligible activities. FTA requires a state/local match to access federal funds. Capital projects are matched 80 percent federal with a 20 percent state or local match while operating assistance is matched with a 50 percent state or local share. The state has been able to provide the match at 50 percent for operating expenses and 20 percent for capital and planning activities. The funds provided by the state are a combination of cash or bond revenues. From FY2005 through FY2010, toll revenue credits were used to provide some of the match. Local match has not been required.

#### **ITEM F. PROJECT SELECTION CRITERIA AND METHOD OF DISTRIBUTING FUNDS**

Projects applied for through Section 5316 will be selected through a statewide competitive review and selection process. If there are insufficient funds for all eligible projects, contracts will be awarded based on the review and evaluation by the BPT staff.

Priority of the projects, meeting all of the criteria, is as follows:

- A. Job Access operating for continuation of existing Section 5316 JARC funded service.
- B. Job Access replacement capital to support continuation of existing transportation services funded with Section 5316 JARC funds.
- C. Reverse Commute operating for continuation service.
- D. Reverse Commute replacement capital to support continuation of service.
- E. Mobility management (capital expense) – continuation projects then expansion projects.
- F. Job Access marketing of existing Job Access Services (capital expense).
- G. Reverse Commute marketing to support continuation of service (capital expense).
- H. Job Access operating for new or expansion service.
- I. Job Access capital to support new or expansion service.
- J. Job Access marketing of new service (capital expense).
- K. Job Access planning for new service (capital expense).
- L. Reverse Commute new or expansion service (operating expenses).
- M. Reverse Commute capital to support new service.
- N. Reverse Commute marketing to support new service (capital expense).
- O. Reverse Commute planning for new service (capital expense).

Projects will be funded starting with the highest ranking project. Although each applicant may apply for funding in more than one category, it is possible an award could be made for one proposed activity and not another. Projects may not be fully funded up to the dollar amount requested on the application.

Projects will be evaluated based on:

- Priority of the project category (see above).
- Thoroughness of the application and how well each given topic in the application is addressed.
- How well the project meets the needs identified in the Coordinated Plan.

All applications must be thorough and complete and the projects must meet the needs identified in their Coordinated Plan in order to be considered for funding. Equal weight is given to the thoroughness of the application and how it meets the needs identified in the Coordinated Plan. Those who meet these requirements will then be funded according to the priority categories listed above. Funding is distributed first to all eligible applicants in priority A, remaining funds (if any) are then distributed to eligible priority B projects, and so on until all funds have been distributed or all projects have been funded.

Beginning in 2008, our annual application process for all state administered transit programs includes Section 5316.

#### **ITEM G. PROGRAM MEASURES**

The two measures established for the JARC program are:

- 1) Actual or estimated number of jobs that can be accessed as a result of geographic or temporal coverage of JARC projects implemented in the current reporting year.
- 2) Actual or estimated number of rides (as measured by unlinked passenger trips) provided as a result of the JARC projects implemented in the current reporting year.

#### **ITEM H. ANNUAL PROGRAM OF PROJECTS DEVELOPMENT AND APPROVAL PROCESS**

Section 10(e) 6 of Act 51 of Public Acts of 1951, directs the department to annually prepare and distribute by December 1, instructions to eligible governmental agencies, eligible authorities, intercity carriers, and other interested parties, to enable the preparation of a local transportation program. The application forms are contained in the electronic PTMS module of the Transportation Management System database, created by MDOT. The instructions and application forms may also be obtained on our web page.

The public transit operators submit an annual application for federal and state assistance. In the application they detail their goals and objectives for the coming year, along with the FTA requirements. The application requires information on the following sections:

1. Description of Service.
2. Project Coordination.
3. Public Input.
4. Title VI – Nondiscrimination.
5. Low-income and Welfare recipients.

Copies of the applications are on file with BPT. The transit operators are required to hold public hearings when applicable. From these applications BPT prepares a program of projects for submittal to FTA. Upon approval of the program, submittal of the state assurances, Section 5333(b) Warranty approval and 13(c) referral by the Department of Labor, MDOT processes a contract between MDOT and the local agency.

#### **ITEM I. FUNDS TRANSFERS**

It has been MDOT's practice not to transfer Section 5316 funds between urbanized and nonurbanized areas. Similarly, we do not expect to transfer Section 5310, 5311 or 5317 rural projects to Section 5316 recipients for administration. If we deem it necessary to transfer funds at some point in the future, we will develop a policy/procedure and revise the management plan.

#### **ITEM J. STATE ADMINISTRATION AND TECHNICAL ASSISTANCE**

Along with the operating assistance funding and capital equipment, MDOT provides technical services to the nonurbanized public transit agencies. The Section 5316 program allows states to use up to 10 percent of their annual apportionment to fund administrative functions.

In addition to the Section 5316 program manager, each agency is assigned a BPT project manager who provides project oversight and technical assistance as needed. Statewide training needs are determined annually and the level of state and local funding available determines the delivery of training. Previous training plans have included Frontline Training, Drug and Alcohol, Small Bus Roadeo, Financial Management for Transit, Vehicle and Equipment Seminar, and the Statewide Transit Conference.

BPT's Web page is a source of information to the transit agencies and is a way for MDOT to provide technical and management assistance. Information found in the website include: application instructions and forms; audit and accounting information, reference manual for transit agencies, transportation laws and regulations; procurement; publications; calendar of events; links to other web sites of interest.

#### **ITEM K. PRIVATE SECTOR PARTICIPATION**

All state application requests are subject to public notice and the application must be available for public review for a period of 30 days. Local transit agencies are encouraged to involve the private sector in providing public transit services and when feasible contact private providers to evaluate possible areas where they could assist with the provision of public transit service.

## **ITEM L. CIVIL RIGHTS**

Beneficiaries of state and/or federal funds from MDOT are required to submit a Title VI program which assures full and affirmative compliance with the requirements of the Civil Rights Act of 1964. Each contract, bid document, and proposal contains language pertaining to Title VI and DBE compliance. Sanctions for noncompliance include withholding of payments, withholding of bidding privileges, and reductions in prequalification ratings of construction contractors.

MDOT has implemented a DBE program which requires recipients that receive federal funds to follow the requirements of 49 CFR, Part 26. Additionally, as required by 49 CFR, Part 26, MDOT has established both overall goals and contract goals to ensure that DBEs have the maximum opportunity to participate in contracts funded in whole, or in part, with federal funds.

Each transit agency is required to submit triennial goal information for their agency and to report semi-annually on their DBE Commitments/Awards and Payments. This report includes purchases and final payments made during the reporting period. The report does not include purchases of land, transit vehicles, employee salaries or building utility payments. MDOT then reports the compiled information to FTA as is required by regulation. For all local procurements of vehicles, the transit agency must provide to MDOT a certification from the vehicle manufacturer that it has complied with the requirements of 49 CFR Part 26.

## **ITEM M. MAINTENANCE**

Transit agencies are required by contract to maintain vehicles and facilities procured with state and/or federal funds for the useful life of the item.

Vehicle maintenance must comply with manufacturers' recommendations regarding service and service intervals. Agencies are required to submit a vehicle maintenance plan to BPT for review and approval. Project managers from BPT conduct triennial on-site reviews of each Transit Agency's vehicle maintenance program to ensure compliance with their approved plan. During this review, the project manager selects a random sample of the agency's fleet and conducts visual vehicle inspections along with a review of the vehicle's maintenance records. Project managers also use a checklist to monitor the maintenance of vehicle accessibility features during their field visits as well as the condition of federal and state funded facilities.

If federal funds were used to construct or make improvements to a transit facility, the agency is required to submit a facility maintenance plan to BPT for review and approval. Project managers from BPT conduct triennial on-site compliance reviews and monitor the implementation of the facility maintenance plan.

#### **ITEM N. CHARTER RULE**

Recipients and subrecipients of FTA assistance are prohibited from providing charter service using federally funded equipment or facilities except under one of the exceptions at 49 CFR Section 604.2. Information must be provided quarterly to MDOT for any charter service provided under one of the exceptions. Agencies providing charter service under one of the exceptions must have a MDOT approved cost allocation plan so that the costs associated with the service are not included in their eligible expenses. Each subrecipient of Section 5316 funds must complete an annual certification of compliance with the charter service regulations and must also obtain certifications from any applicable subcontractors. BPT has developed a program to monitor subrecipient's compliance with charter regulations. BPT provides charter bus compliance information to Section 5316 agencies via general informational letters and detailed guidance in response to case-specific situations.

#### **ITEM O. SECTION 504 AND ADA REPORTING**

MDOT has the following methods in place to comply with Section 504 and ADA reporting:

1. All state-supported, line-haul public transportation vehicles must be accessible to wheelchair users. In addition, local elderly and individuals with disabilities accessibility plans are required by the state for all public transportation systems providing demand-responsive service. The state requirements of Section 10e(18) of Act 51 of PA of 1951, as amended, are incorporated with the federal requirements under 49 CFR, Part 27. Each nonurban agency is required to submit a plan which describes how they do or will supply service to the elderly and individuals with disabilities equal to the level of service supplied to other segments of the general public. The local plans will be reviewed by a Local Advisory Council comprised of individuals with disabilities, elderly, human service agencies, civic organizations, and others who have an interest in public transportation services, along with a public hearing review. All nonurban agencies have prepared a complete coordination plan and have submitted them to the state. The plans are updated each year and submitted with the state annual application.
2. All state application requests according to Section 10e(6) of Act 51 of PA of 1951, as amended, are subject to public notice and the application must be available for public review for a period of 30 days.
3. Per Americans with Disabilities Act of 1990 (ADA) requirements, each applicant must certify that the demand-response service offered to individuals with disabilities, including persons 65 years of age or older, and users of wheelchairs, is equivalent to the level and quality of service offered to individuals without disabilities.

4. BPT monitors vehicles for the maintenance of ADA accessible features under the Vehicle Maintenance Monitoring Program. Project managers also use an MDOT developed FTA compliance checklist to do triennial monitoring of the transit agencies.
5. Titles II and III of the American with Disabilities Act of 1990 (ADA) provide that no entity shall discriminate against an individual with a disability in connection with the provision of transportation service. The law sets forth specific requirements for vehicle and facility accessibility and the provision of service. BPT monitors subrecipient's compliance with ADA requirements during the triennial review.

## **ITEM P. DESIGNATED RECIPIENT PROGRAM MANAGEMENT**

### **Cash Flow and Control of Funds**

Once the capital and operating assistance program is approved by FTA, payments can begin to be made. Within 40 days after the end of a state fiscal year quarter, each agency is required to submit a Section 5316 Operating Assistance Report which is the basis for quarterly operating assistance payments. Capital payments are based on actual invoices and a written request from reimbursement by the subrecipient. Payments are made to the agency using state funds and then MDOT requests reimbursement. Audits and close-out are performed in accordance with State and Federal requirements.

MDOT enters into a contract with the local transit operator that specifies the obligations of both parties and sets a maximum amount of reimbursement of Section 5316 funds. The contract also stipulates that the State of Michigan and FTA have the authority to audit the records and operations of the agency. Each agency is audited by a Certified Public Accountant and/or MDOT's Commission Audits. Final close-out is performed using actual audited revenue and expense figures. BPT staff performs audit citation follow-up.

Eligible expenses for Section 5316 operating assistance are determined by the Office of Management and Budget Circular A-102 and MDOT's Local Public Transit Revenue and Expense Manual.

### **Monitoring and Evaluation**

BPT requires annual financial and non-financial reports. These reports are used to determine state local bus operating assistance and to provide measures of system efficiency and effectiveness.

MDOT has implemented the PTMS based on UMTA Section 15 reporting requirements. This computer application allows MDOT to prepare informational and monitoring reports in several different formats and outputs.

Section 10e(18) of Act 51 of PA of 1951, as amended, requires each agency to provide detailed data on service to the elderly and individuals with disabilities, particularly those requiring a wheelchair lift.

Project Managers complete triennial compliance checklists for their agencies, make other visits when assistance is needed, and provide regular feedback to the operator of the system.

### **Financial Management/Accounting Systems**

MDOT maintains a financial management system of financial reporting, accounting records, internal controls, and budget controls subject to standards specified in state laws. The Michigan Administrative Information Network (MAIN) is responsible for the implementation and operation of a fully integrated automated financial management system for the State of Michigan.

The Contract Tracking System (C-TRAK) tracks and maintains information about BPT contracts, contract amendments, authorizations, authorization revisions, and vendors. It provides access to and maintenance of data and it provides a querying tool for customized reports and pre-defined reports.

### **Vehicle Use**

Subrecipients are allowed to use vehicles only for the intended purpose under the original agreement. Incidental use for meal delivery is allowed as long as it does not interfere with passenger transportation service. Although priority service is given to the intended program clients, vehicles must be available to the general public if capacity allows.

### **Procurement**

Procurement can be conducted directly by the subrecipient or through MDTMB's MiDeal Program. MDOT supplies subrecipients with guidelines outlining all federal and state requirements for procurement of vehicles. MDOT reviews all local procurements for all federal requirements. We review procurements for all federally required clauses and ensure that subrecipients provide for full and open competition. The use of in-state or local preference clauses is not allowed. MDOT requires that subrecipients follow the Brooks Act for all architectural and engineering procurements that lead to construction.

For procurements greater than \$3,000 and less than \$100,000, MDOT requires that subrecipients document competitive quotations. For procurements of \$100,000 or greater, agencies must issue invitations for bids (IFB) or Request for Proposals (RFP) depending on the type of procurement. MDOT will review and approve all IFBs and RFPs if the federal funds flow through MDOT. MDOT will also review and approve all third party contracts of \$25,000 or greater unless the certified according to STC Policy

### **Property Management**



MDOT has a lien on vehicle titles. MDOT is the first secured party for any vehicle purchased for nonurbanized subrecipients. Agencies update the vehicle listing in the PTMS and project managers review the listing during the annual application process. The compliance checklist also includes a section on facilities. Asset listings are also included in an agency's annual compliance audit and auditors review and update the listings. MDOT's contract with the agency also states that facility/equipment must be used for public transportation and the agency must notify the project manager if the facility/equipment is being disposed.

### **Construction/Renovation of Facilities**

Facilities may only be built or renovated after obtaining a categorical exclusion or conducting an environmental impact study (See Item O). MDOT requires that subrecipients follow formal procedures for the procurement of architectural and engineering services and that adequate maintenance procedures are implemented to protect state and federally funded facilities.

### **ITEM Q. OTHER PROVISIONS**

Section 5316 subrecipients must comply with other federal regulations and include them in their subcontracts when applicable. These include: Buy America; pre-award and post-delivery audit, drug and alcohol testing, and environmental protection for construction projects not subject to a general waiver.

**Buy America.** The Buy America requirements apply to construction contracts and acquisition of goods or rolling stock valued at more than \$100,000. The requirements flow down from Section 5316 subrecipients to first tier contractors, who are responsible for ensuring that lower tier contractors and subcontractors are in compliance. A Buy America clause is included in all Section 5316 subrecipient agreements and third party contracts. BPT monitors for compliance.

The pre-award and post delivery audit requirements apply to the acquisition of rolling stock. A clause is included in all subrecipient agreements and third party contracts.

**Drug and Alcohol Testing.** Subrecipients that receive only Section 5310, JARC (5316), or New Freedom (5317) Assistance are not subject to FTA's Drug and Alcohol testing rules, but must comply with the Federal Motor Carrier Safety Administration (FMCSA) rule for employees who hold Commercial Driver's Licenses (49 DFR part 382). Section 5316 subrecipients that also receive funding under one of the covered FTA programs (Section 5307, 5311 and 5309) should include any employees funded under Section 5316 projects in their testing program. Language explaining drug and alcohol compliance is included in all contracts with subrecipients, and training is provided to subrecipients regarding drug and alcohol testing requirements.

**Environmental Protection.** Proposed projects need to be looked at to determine their affect if any on the environment. Most capital projects under 5316 are "categorical

exclusions" involving the acquisition of vehicles and vehicle related equipment. When 5316 funds are combined with 5309 earmarks, some projects may have an environmental impact. MDOT follows all environmental regulations. There are several categories of projects:

a. "Categorical Exclusions." Many projects and activities assisted with bus category funds normally do not involve significant environmental impacts. The joint FHWA/FTA environmental regulations use the term "categorical exclusions" to describe those projects that are categorically excluded from the requirement to prepare an environmental document (environmental assessment or environmental impact statement). In accordance with the regulations, bus and bus-related projects that are predetermined to be categorical exclusions include:

1. The acquisition of buses to replace old buses.
2. The acquisition of buses for minor fleet expansions where use of these buses can be accommodated by existing facilities.
3. Bus rehabilitation.
4. Alterations to buses or facilities to make them accessible for the elderly and persons with disabilities.
5. Purchase and installation of bus operating or maintenance equipment to be located within an existing facility, with no significant impacts off the project site.
6. Installation of fencing, signs, pavement markings, small passenger shelters, and traffic signals where no substantial land acquisition or traffic disruption will occur.
7. Construction of pedestrian and bicycle lanes, paths, and facilities.

b. Projects That May Have an Environmental Impact. A second group of bus category projects involve more construction and greater potential for off-site impacts. Examples are new construction or expansion of bus terminals and transfer facilities, bus storage and maintenance garages, office facilities, and transit centers with park-and-ride facilities. For these projects, the grant applicant must prepare environmental documentation with appropriate technical analysis to support a categorical exclusion, if appropriate, or a finding of no significant impact (FONSI), depending on the scope and magnitude of the probable environmental impacts.

Experience has shown that many construction projects can be built and operated without causing significant impacts if they are carefully sited in areas with compatible, non-residential land use where the primary access roads are adequate to handle the additional bus traffic. FTA may approve the designation of these construction projects as categorical exclusions if the grant applicant provides documentation which clearly demonstrates that the conditions stated above are met and that no significant adverse effects will result. For any project not meeting the conditions for a categorical exclusion, the grant applicant must prepare an environmental assessment (EA) which documents the impacts of the proposed project and considers alternatives to the proposed site or design. An EA is subject to public comment.

If significant environmental impacts are identified for a bus category project, an environmental impact statement (EIS) will be required. For example, the new construction

or extension of a separate roadway for buses or high-occupancy vehicles which is not located within an existing highway right-of-way normally requires an EIS. FTA is not permitted to provide federal assistance to support a project requiring an EA or an EIS until FTA has completed the environmental review process and determined either that the project qualifies for a FONSI or that the final EIS supports a Federal grant for the project.

**Lobbying Restrictions.** Agencies applying for federal assistance exceeding \$100,000, must certify that no federal appropriated funds have been paid or will be paid, on their behalf, to influence or attempt to influence anyone pertaining to the award, continuation or modification of federal assistance. If funds other than federal appropriated funds have been used for this purpose, the agency is instructed to complete the Standard Form-LLL, "Disclosure Form to Report Lobbying."

**Transit Employee Protection.** All agencies must submit a letter to MDOT with their annual applications accepting the terms and conditions of the Special Warranty as well as a listing of any unions representing their employees. They must also include a listing of all other transportation providers in the agency's service area and their unions. Employee protections under Section 5333(b) are required for the JARC program. The Section 5311 special warranty does not apply to rural JARC projects. All projects are referred to Department of Labor for certification prior to contract execution.

**School Transportation.** Agencies are instructed that they must comply with this rule. They sign an annual certification with their applications that they will engage in school transportation operations only to the extent permitted by an exception provided by 49 U.S.C. 5323(f).

## **IV. SECTION 5317**

### **ITEM A. GOALS AND OBJECTIVES**

The state goal under the New Freedom (Section 5317) formula grant program is to provide additional tools to overcome existing barriers facing Americans with disabilities seeking integration into the work force and full participation in society.

The state objectives are:

1. To promote the safe, effective, and efficient delivery of public transportation services to individuals with disabilities.
  - a. Provide public transportation services beyond the requirements of ADA to individuals with disabilities.
  - b. To achieve increased access to jobs, education, and expand the transportation mobility options available to people with disabilities beyond the requirements of the ADA of 1990.
2. To enhance coordination and consolidation of public transportation services in order to encourage the most efficient use of resources.
3. To encourage the development, maintenance, improvement, and use of passenger transportation services.

These goals are subject to stakeholder and public review through a number of processes.

First, Act 51 of the Public Acts of 1951, as amended, provides dedicated state funds for public transportation that is then subject to the annual appropriation process for the allocation of funds to specific line items. MDOT provides input into the budgeting process based on the funding needed to meet our goals and objectives for each of the bureau's transit programs. The appropriations process is subject to public and stakeholder input as the bill moves through the legislature.

MDOT's public transportation programs are also subject to public and stakeholder review through MDOT's Five-Year Transportation Program. Each year, MDOT develops its Five-Year Transportation Program, an integrated program that lays out MDOT's proposed investments in highways, bridges, public transit, rail, aviation, marine, and non-motorized transportation for the next five years. The program is a continuous, interactive dialogue with the department's customers and stakeholders and has become the anchor of MDOT's project development and delivery systems. Within the Five Year Program, MDOT lays out its investment strategy for the state and federal transit funds that are programmed/distributed by MDOT.

Steps in development of the Five-Year Transportation program include:

- Obtaining approval of the draft document by MDOT leadership and the STC. STC approval is preceded by an MDOT presentation of the draft program to the STC in a public meeting.
- Posting of the draft document to the Web for public comment.
- Conducting public listening sessions throughout the state for additional input on the program. Public involvement comments are documented, summarized, and presented to STC.
- Final approval of the document by the STC.
- Submittal of the final Five-Year Transportation Program to the Michigan State Legislature.

On a more long term basis, MDOT's public transportation programs have also been subject to review through its State Long Range Transportation Plan. In June 2007, MDOT released the state's 2005-2030 long-range transportation plan (Michigan Transportation Plan). The plan communicates MDOT's vision for our multi-modal transportation system over the next 25 years. Two years in the making, the plan is based on an unprecedented amount of public input and guidance from Michigan business, government and customer stakeholders. More than 3,000 people attended public workshops and 2,600 submitted an online questionnaire, while another 3,300 households participated in a telephone survey to share their vision for Michigan's transportation future. Technical reports that support the plan, and are available on MDOT's website, provide the public with detailed information about MDOT's transit programs and how MDOT makes use of federal transit funding apportioned to the State under each federal formula program.

In addition to these state level processes, local agencies establish their goals for use of federal funds a number of ways. Public transit operators must submit an annual application consistent with Section 10e(7) of Act 51 of PA of 1951, as amended, to MDOT detailing their service goals and objectives for the coming year including the submission of a balanced budget. The Coordinated Public Transit-Human Services Transportation Plan specifically invites input and comment from local elected officials, community stakeholders and customers which ensures that local goals and objectives are addressed.

## **ITEM B. ROLES AND RESPONSIBILITIES**

MDOT has been designated by the Governor as the state administering agency for the Section 5317 program. Within MDOT, the BPT has the responsibility of administering this program, and ensuring a fair and equitable distribution of funds, and that the program adheres to federal and state program guidelines. BPT notifies eligible applicants about the availability of the program, develops criteria, solicits applications, and monitors program compliance. BPT has sole responsibility to certify the eligibility of the applicants, review applications, select applications for inclusion in the program, ensure that all required audits are performed on Section 5317 contracts, and close out projects. There are also other MDOT staff and state agencies that support BPT in administering federal programs. The Bureau's Administrative Division manages the preparation and execution of state/local

contracts. The Office of Equal Opportunity manages the department's Title VI, DBE, and EEO programs. Our Bureau of Finance and Administration executes contracts, provides accounting support, prepares and submits FTA financial status reports, and conducts ECHO drawdowns. The BTP has the lead on the statewide long range planning process. BPT participates by working with the transit community and attending public hearings. MDTMB conducts the vehicle procurements in accordance with specifications established by BPT.

## **ITEM C. COORDINATION**

SAFETEA-LU requires that Section 5317 projects selected for funding must be derived from a locally developed, coordinated public transit-human services transportation plan. These plans are being developed throughout Michigan in the urbanized and nonurbanized areas. The process for developing the plans requires the involvement of public, private, non-profit and human services transportation providers, as well as the public. Public transit operators, including those funded under the urbanized and nonurbanized formula programs are also expected to be participants. To be eligible, subrecipients seeking 5317 funds must submit a coordinated public transit-human services transportation plan which identifies the needs and strategies for the specific project. Each plan will identify the groups and task force(s) involved in the outreach or coordination efforts. Some agencies combine with others in a more regional approach and are combined in one coordinated plan. Since this program is new, there is no way to anticipate the number of subrecipients or the number coordinated public transit-human services transportation plans which may be submitted.

Also, to promote coordination among state departments, between 2003 and 2004, the BPT led a United We Ride Team with state agencies such as the Department of Human Services, the Department of Community Health, the Department of Labor and Economic Development, the Department of Education, and the Developmental Disability Council, and other stakeholders. MDOT consults individuals from this team, as needed, to provide state agency, service provider and user perspectives, make recommendations for improvement in transportation services for the elderly and individuals with disabilities, and provide feedback on applications and information for new programs before finalizing program requirements and guidelines.

## **ITEM D. ELIGIBLE RECIPIENTS**

Section 5317 funds are apportioned among the states by a formula which is based on the ratio that the number of individuals with disabilities in each such area bears to the number of individuals with disabilities in all such areas. The disabled population is determined according to the latest available U.S. census data for individuals disabled over the age of 5. The annual apportionment for New Freedom is published in the Federal Register following the enactment of the annual DOT appropriations act. For small urbanized areas and for nonurbanized areas, the State is the designated recipient and applies directly to FTA for Section 5317 grant funds. Eligible subrecipients are private non-profit organizations, state or local governmental authorities, and operators of public transportation services.

## **ITEM E. LOCAL SHARE AND LOCAL FUNDING REQUIREMENTS**

This program provides funds for capital, planning, and operating assistance to support all eligible activities. FTA requires a state/local match to access federal funds. Capital projects are matched 80 percent federal with a 20 percent state or local match while operating assistance is matched with at least a 50 percent state or local share. The state, at this time, will match 20 percent for capital and planning activities. The funds provided by the state are a combination of cash and bond revenues. From FY2005 through FY2010, toll revenue credits were used to provide some of the local match. The local agency must match 50 percent for operating expenses. All local share must be provided from sources other than Federal DOT funds. Sources of local match will adhere to the guidelines described in the circular.

## **ITEM F. PROJECT SELECTION CRITERIA AND METHOD OF DISTRIBUTING FUNDS**

Projects applied for through Section 5317 are selected through a statewide competitive review and selection process. If there are insufficient funds for all eligible projects, contracts will be awarded based on the review and evaluation by the BPT staff.

### **Project Selection Criteria**

Applications are evaluated using the following criteria.

- **Project Needs/Goals and Objectives**

The project directly addresses transportation gaps and/or barriers identified through the locally developed human services transportation planning process – *clearly identifies the strategy listed in the coordinated plan that is addressed by this application*. An application should clearly state the overall program goals and objectives; demonstrates how project activities will mitigate the transportation need; and, how the project is consistent with the objectives of the New Freedom grant program.

- **Coordination**

The proposed project coordinates with other community transportation and/or social service resources. Applicant should clearly identify project stakeholders and how stakeholders are kept involved and informed throughout the project.

- **Program Outreach**

The marketing efforts which will be used to market the project is described, and the applicant should describe how public awareness of the project will be promoted.

- **Program Effectiveness and Performance Indicators**

The applicant should demonstrate that the proposed project is the most appropriate match of service delivery to the need. Applicant must identify measurable outcome-

based performance measures to track the effectiveness of the service in meeting identified goals. A plan should be provided to monitor and evaluate service on an ongoing basis and outline what steps will be taken if original goals are not achieved. Applicant should describe the steps they will take to measure the effectiveness and magnitude of the impact the project will have on individuals with disabilities.

- **Implementation Plan**

For projects seeking funds to support program operations, applicant must provide a well-defined service operations plan and describe implementation steps and timelines for carrying out the plan. The project application should indicate the number of persons expected to be served and the number of passenger trips expected to be provided. Applicant should demonstrate their institutional capability to carry out the service delivery aspect of the project described.

For capital projects, the applicant should provide a solid rationale for the project and for the use of New Freedom funds. If an operating project is not included in the application to support the use of the capital project will be utilized and what funding will support the long-term utilization of the capital project. We do not plan to fund capital projects that cannot be utilized immediately after purchase. An implementation plan for completing a capital project should be provided along with key milestones, a timeline and estimated completion date.

- **Project Budget**

Applicant must submit a clearly defined project budget indicating anticipated project expenditures and revenues, including certification of matching funds for all non-capital items. New Freedom funds can not be used to replace existing or exhausted funding from other sources.

Projects will be ranked based on:

- Thoroughness of the application and how well each given topic in the application is addressed.
- How well the project meets the needs identified in the Coordinated Plan.
- Continuation or expansion.

## **ITEM G. PROGRAM MEASURES**

The three measures established for the New Freedom Program are:

- 1) Increases or enhancements related to geographic coverage, service quality and/or service times that impact availability of transportation services for individuals with disabilities as a result of the New Freedom projects implemented in the current reporting year.
- 2) Additions or changes to environmental infrastructure (e.g. transportation



facilities, sidewalks, etc), technology, and vehicles that impact availability of transportation services as a result of the new Freedom projects implemented in the current reporting year.

- 3) Actual or estimated number of rides (as measured by unlinked passenger trips) provided for individuals with disabilities as a result of the New Freedom projects implemented in the current reporting year.

## **ITEM H. ANNUAL PROGRAM OF PROJECTS DEVELOPMENT AND APPROVAL PROCESS**

Section 10(e) 6 of Act 51 of Public Acts of 1951, directs the department to annually prepare and distribute by December 1, instructions to eligible governmental agencies, eligible authorities, intercity carriers, and other interested parties, to enable the preparation of a local transportation program. The application forms are contained in the electronic PTMS module of the Transportation Management System database, created by MDOT. The instructions and application forms may also be obtained on our web page.

The public transit operators submit an annual application for federal and state assistance. In the application they detail their goals and objectives for the coming year, along with the FTA requirements. The application requires information on the following sections:

1. Description of Service.
2. Project Coordination.
3. Public Input.
4. Title VI – Nondiscrimination.
5. Provisions for elderly and individuals with disabilities.

Copies of the applications are on file with BPT. The transit operators are required to hold public hearings when applicable. From these applications BPT prepares a program of projects for submittal to FTA. Upon approval of the program, submittal of the state assurances, MDOT processes a contract between MDOT and the local agency.

The first year included services for the last quarter of FY 2008 and all of FY 2009. The Section 5317 Program is now included in the annual application process.

## **ITEM I. FUNDS TRANSFERS**

It has been MDOT's practice not to transfer Section 5317 funds between urbanized and nonurbanized areas. Similarly, we do not expect to transfer Section 5310, 5311 or 5316 rural projects to Section 5317 recipients for administration. If we deem it necessary to transfer funds at some point in the future, we will develop a policy/procedure and revise the management plan.

## **ITEM J. STATE ADMINISTRATION AND TECHNICAL ASSISTANCE**

Along with the operating assistance funding and capital equipment, MDOT provides technical services to the nonurbanized public transit agencies. The Section 5317 program allows states to use up to 10 percent of their annual apportionment to fund administrative functions.

In addition to the Section 5317 program manager, each agency is assigned a BPT project manager who provides project oversight and technical assistance as needed. Statewide training needs are determined annually and the level of state and local funding available determines the delivery of training. Previous training plans have included Frontline Training, Drug and Alcohol, Small Bus Rodeo, Financial Management for Transit, Vehicle and Equipment Seminar, and the Statewide Transit Conference.

BPT's Web page is a source of information to the transit agencies and is a way for MDOT to provide technical and management assistance. Information found in the website include: application instructions and forms; audit and accounting information, reference manual for transit agencies, transportation laws and regulations; procurement; publications; calendar of events; links to other web sites of interest.

## **ITEM K. PRIVATE SECTOR PARTICIPATION**

All state application requests are subject to public notice and the application must be available for public review for a period of 30 days. Local transit agencies are encouraged to involve the private sector in providing public transit services and when feasible contact private providers to evaluate possible areas where they could assist with the provision of public transit service.

## **ITEM L. CIVIL RIGHTS**

Beneficiaries of state and/or federal funds from MDOT are required to submit a Title VI program which assures full and affirmative compliance with the requirements of the Civil Rights Act of 1964. Each contract, bid document, and proposal contains language pertaining to Title VI and DBE compliance. Sanctions for noncompliance include withholding of payments, withholding of bidding privileges, and reductions in prequalification ratings of construction contractors.

Pursuant to 49 CFR, Part 26, MDOT has implemented a DBE program which requires that a DBE policy and obligation statement be included in each contract. Additionally, as required by 49 CFR, Part 26, MDOT has established both overall goals and contract goals to ensure that DBEs have the maximum opportunity to participate in contracts funded in whole, or in part, with federal funds.

Each transit agency is required to submit triennial overall goal information for there agency and to report semi-annually on their DBE Commitments/Awards and Payments. This report

includes purchases and final payments made during the reporting period. The report does not include purchases of land, transit vehicles, employee salaries or building utility payments. MDOT then reports the compiled information to FTA as is required by regulation. For all local procurements of vehicles, the transit agency must provide to MDOT a certification from the vehicle manufacturer that it has complied with the requirements of 49 CFR Part 26.

#### **ITEM M. MAINTENANCE**

Transit agencies are required by contract to maintain vehicles and facilities procured with state and/or federal funds for the useful life of the item.

Vehicle maintenance must comply with manufacturers' recommendations regarding service and service intervals. Agencies are required to submit a vehicle maintenance plan to BPT for review and approval. Project managers from BPT conduct triennial on-site reviews of each Transit Agency's vehicle maintenance program to ensure compliance with their approved plan. During this review, the project manager selects a random sample of the agency's fleet and conducts visual vehicle inspections along with a review of the vehicle's maintenance records. Project managers also use a checklist to monitor the maintenance of vehicle accessibility features during their field visits as well as the condition of federal and state funded facilities.

If federal funds were used to construct or make improvements to a transit facility, the agency is required to submit a facility maintenance plan to BPT for review and approval. Project managers from BPT conduct triennial on-site compliance reviews and monitor the implementation of the facility maintenance plan.

#### **ITEM N. CHARTER RULE**

Recipients and subrecipients of FTA assistance are prohibited from providing charter service using federally funded equipment or facilities except under one of the exceptions at 49 CFR Section 604.2. Information must be provided quarterly to MDOT for any charter service provided under one of the exceptions. Agencies providing charter service under one of the exceptions must have a MDOT approved cost allocation plan so that the costs associated with the service are not included in their eligible expenses. Each subrecipient of Section 5317 funds must complete an annual certification of compliance with the charter service regulations and must also obtain certifications from any applicable subcontractors. BPT has developed a program to monitor subrecipient's compliance with charter regulations. BPT provides charter bus compliance information to Section 5317 agencies via general informational letters and detailed guidance in response to case-specific situations.

#### **ITEM O. SECTION 504 AND ADA REPORTING**

MDOT has the following methods in place to comply with Section 504 and ADA reporting:

1. All state-supported, line-haul public transportation vehicles must be accessible to wheelchair users. In addition, local elderly and individuals with disabilities accessibility plans are required by the state for all public transportation systems providing demand-responsive service. The state requirements of Section 10e(18) of Act 51 of PA of 1951, as amended, are incorporated with the federal requirements under 49 CFR, Part 27. Each nonurban agency is required to submit a plan which describes how they do or will supply service to the elderly and individuals with disabilities equal to the level of service supplied to other segments of the general public. The local plans will be reviewed by a Local Advisory Council comprised of individuals with disabilities, elderly, human service agencies, civic organizations, and others who have an interest in public transportation services, along with a public hearing review. All nonurban agencies have prepared a complete coordination plan and have submitted them to the state. The plans are updated each year and submitted with the state annual application.
2. All state application requests according to Section 10e(6) of Act 51 of PA of 1951, as amended, are subject to public notice and the application must be available for public review for a period of 30 days.
3. Per Americans with Disabilities Act of 1990 (ADA) requirements, each applicant must certify that the demand-response service offered to individuals with disabilities, including persons 65 years of age or older, and users of wheelchairs, is equivalent to the level and quality of service offered to individuals without disabilities.
4. BPT monitors vehicles for the maintenance of ADA accessible features under the Vehicle Maintenance Monitoring Program. Project managers also use an MDOT developed FTA compliance checklist to do triennial monitoring of the transit agencies.
5. Titles II and III of the American with Disabilities Act of 1990 (ADA) provide that no entity shall discriminate against an individual with a disability in connection with the provision of transportation service. The law sets forth specific requirements for vehicle and facility accessibility and the provision of service. BPT monitors subrecipient's compliance with ADA requirements during the triennial review.

## **ITEM P. DESINATED RECIPIENT PROGRAM MANAGEMENT**

### **Cash Flow and Control of Funds**

Once the capital and operating assistance program is approved by FTA, payments can begin to be made. Within 40 days after the end of a state fiscal year quarter, each agency is required to submit a Section 5317 Operating Assistance Report which is the basis for quarterly operating assistance payments. Capital payments are based on actual invoices

and a written request from reimbursement by the subrecipient. Payments are made to the agency using state funds and then MDOT requests reimbursement from FTA. Audits and close-out are performed in accordance with State and Federal requirements.

MDOT enters into a contract with the local transit operator that specifies the obligations of both parties and sets a maximum amount of reimbursement of Section 5317 funds. The contract also stipulates that the State of Michigan and FTA have the authority to audit the records and operations of the agency. Each agency is audited by a Certified Public Accountant and/or MDOT's Commission Audits. Final close-out is performed using actual audited revenue and expense figures. BPT staff performs audit citation follow-up.

Eligible expenses for Section 5317 operating assistance are determined by the Office of Management and Budget Circular A-102 and MDOT's Local Public Transit Revenue and Expense Manual.

### **Monitoring and Evaluation**

BPT requires annual financial and non-financial reports. These reports are used to determine state local bus operating assistance and to provide measures of system efficiency and effectiveness.

MDOT has implemented the PTMS based on UMTA Section 15 reporting requirements. This computer application allows MDOT to prepare informational and monitoring reports in several different formats and outputs.

Section 10e(18) of Act 51 of PA of 1951, as amended, requires each agency to provide detailed data on service to the elderly and individuals with disabilities, particularly those requiring a wheelchair lift.

Project Managers complete triennial compliance checklists for their agencies, make other visits when assistance is needed, and provide regular feedback to the operator of the system.

### **Financial Management/Accounting Systems**

MDOT maintains a financial management system of financial reporting, accounting records, internal controls, and budget controls subject to standards specified in state laws.

The Michigan Administrative Information Network (MAIN) is responsible for the implementation and operation of a fully integrated automated financial management system for the State of Michigan.

The Contract Tracking System (C-TRAK) tracks and maintains information about BPT contracts, contract amendments, authorizations, authorization revisions, and vendors. It provides access to and maintenance of data and it provides a querying tool for customized reports and pre-defined reports.

### **Vehicle Use**

Subrecipients are allowed to use vehicles only for the intended purpose under the original agreement. Incidental use for meal delivery is allowed as long as it does not interfere with passenger transportation service. Although priority service is given to individuals with disabilities, vehicles must be available to the general public if capacity allows.

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The pre-award and post delivery audit requirements apply to the acquisition of rolling stock. A clause is included in all subrecipient agreements and third party contracts.

**Drug and Alcohol Testing.** Subrecipients that receive only Section 5310, JARC (5316), or New Freedom (5317) Assistance are not subject to FTA's Drug and Alcohol testing rules, but must comply with the Federal Motor Carrier Safety Administration (FMCSA) rule for employees who hold Commercial Driver's Licenses (49 DFR part 382). Section 5317 subrecipients that also receive funding under one of the covered FTA programs (Section 5307, 5311 and 5309) should include any employees funded under Section 5317 projects in their testing program. Language explaining drug and alcohol compliance is included in all contracts with subrecipients, and training is provided to subrecipients regarding drug and alcohol testing requirements.

**Environmental Protection.** Proposed projects need to be looked at to determine their affect if any on the environment. Most capital projects under 5317 are "categorical exclusions" involving the acquisition of vehicles and vehicle related equipment. When 5317 funds are combined with 5309 earmarks, some projects may have an environmental impact. MDOT follows all environmental regulations. There are several categories of projects:

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2. The acquisition of buses for minor fleet expansions where use of these buses can be accommodated by existing facilities.
3. Bus rehabilitation
4. Alterations to buses or facilities to make them accessible for the elderly and persons with disabilities.

5. Purchase and installation of bus operating or maintenance equipment to be located within an existing facility, with no significant impacts off the project site.
6. Installation of fencing, signs, pavement markings, small passenger shelters, and traffic signals where no substantial land acquisition or traffic disruption will occur.
7. Construction of pedestrian and bicycle lanes, paths, and facilities.

b. **Projects That May Have an Environmental Impact.** A second group of bus category projects involve more construction and greater potential for off-site impacts. Examples are new construction or expansion of bus terminals and transfer facilities, bus storage and maintenance garages, office facilities, and transit centers with park-and-ride facilities. For these projects, the grant applicant must prepare environmental documentation with appropriate technical analysis to support a categorical exclusion, if appropriate, or a finding of no significant impact (FONSI), depending on the scope and magnitude of the probable environmental impacts.

Experience has shown that many construction projects can be built and operated without causing significant impacts if they are carefully sited in areas with compatible, non-residential land use where the primary access roads are adequate to handle the additional bus traffic. FTA may approve the designation of these construction projects as categorical exclusions if the grant applicant provides documentation which clearly demonstrates that the conditions stated above are met and that no significant adverse effects will result. For any project not meeting the conditions for a categorical exclusion, the grant applicant must prepare an environmental assessment (EA) which documents the impacts of the proposed project and considers alternatives to the proposed site or design. An EA is subject to public comment.

If significant environmental impacts are identified for a bus category project, an environmental impact statement (EIS) will be required. For example, the new construction or extension of a separate roadway for buses or high-occupancy vehicles which is not located within an existing highway right-of-way normally requires an EIS. FTA is not permitted to provide federal assistance to support a project requiring an EA or an EIS until FTA has completed the environmental review process and determined either that the project qualifies for a FONSI or that the final EIS supports a Federal grant for the project.

**Lobbying Restrictions.** Agencies applying for federal assistance exceeding \$100,000, must certify that no federal appropriated funds have been paid or will be paid, on their behalf, to influence or attempt to influence anyone pertaining to the award, continuation or modification of federal assistance. If funds other than federal appropriated funds have been used for this purpose, the agency is instructed to complete the Standard Form-LLL, "Disclosure Form to Report Lobbying."

**School Transportation.** Agencies are instructed that they must comply with this rule. They sign an annual certification with their applications that they will engage in school transportation operations only to the extent permitted by an exception provided by 49 U.S.C. 5323(f).



## **IV. SECTION 5303/5304**

### **ITEM A. GOALS AND OBJECTIVES**

The state goal under the Metropolitan Transportation Planning Program, Section 5303 and the Statewide Transportation Planning Program, Section 5304 is to develop a transportation system that emphasizes preservation, providing a safe and secure transportation system; protecting natural resources, air quality, and improving land use practices; as well as providing economic development opportunities for improving the quality of life.

MDOT uses these funds to support transit planning in the both the urbanized and nonurbanized areas and to provide training and educational programs.

Act 51 of the Public Acts of 1951, as amended, provides dedicated state funds for public transportation that is then subject to the annual appropriation process for the allocation of funds to specific line items. MDOT provides input into the budgeting process based on the funding needed to meet our goals and objectives for each of the bureau's transit programs. The appropriations process is subject to public and stakeholder input as the bill moves through the legislature.

MDOT's public transportation programs are also subject to public and stakeholder review through MDOT's Five-Year Transportation Program. Each year, MDOT develops its Five-Year Transportation Program, an integrated program that lays out MDOT's proposed investments in highways, bridges, public transit, rail, aviation, marine, and non-motorized transportation for the next five years. The program is a continuous, interactive dialogue with the department's customers and stakeholders and has become the anchor of MDOT's project development and delivery systems. Within the Five Year Program, MDOT lays out its investment strategy for the state and federal transit funds that are programmed/distributed by MDOT.

Steps in development of the Five-Year Transportation program include:

- Obtaining approval of the draft document by MDOT leadership and the STC. STC approval is preceded by an MDOT presentation of the draft program to the STC in a public meeting.
- Posting of the draft document to the Web for public comment.
- Conducting public listening sessions throughout the state for additional input on the program. Public involvement comments are documented, summarized, and presented to STC.
- Final approval of the document by the STC.
- Submittal of the final Five-Year Transportation Program to the Michigan State Legislature

On a more long term basis, MDOT's public transportation programs have also been subject to review through its State Long Range Transportation Plan. In June 2007, MDOT released

the state's 2005-2030 long-range transportation plan (Michigan Transportation Plan). The plan communicates MDOT's vision for our multi-modal transportation system over the next 25 years. Two years in the making, the plan is based on an unprecedented amount of public input and guidance from Michigan business, government and customer stakeholders. More than 3,000 people attended public workshops and 2,600 submitted an online questionnaire, while another 3,300 households participated in a telephone survey to share their vision for Michigan's transportation future. Technical reports that support the plan, and are available on MDOT's website, provide the public with detailed information about MDOT's transit programs and how MDOT makes use of federal transit funding apportioned to the State under each federal formula program.

In addition to these state level processes, local agencies establish their goals for use of federal funds a number of ways. Public transit operators must submit an annual application consistent with Section 10e(7) of Act 51 of PA of 1951, as amended, to MDOT detailing their service goals and objectives for the coming year including the submission of a balanced budget. T

## **ITEM B. ROLES AND RESPONSIBILITIES**

MDOT has been designated by the Governor as the state administering agency for the Sections 5303 and 5304 programs. Within MDOT, the BTP has the responsibility of administering these programs, ensuring a fair and equitable distribution of funds, and that the programs adhere to federal and state program guidelines. Planning and BPT notify eligible applicants about the availability of the funds, develops criteria, solicits applications, and monitors program compliance. Planning is responsible for the close out of projects and grants.

For Section 5304, Planning along with the BPT certifies eligibility of the applicants, reviews applications, selects applications for inclusion in the program, and ensures that all required audits are performed on Section 5304 contracts.

For Section 5303, funds are allocated to MPOs based on population. For smaller MPOs, a portion of the Section 5304 funds are used to supplement their allocation. The funds are programmed based on the MPOs Unified Planning Work Programs (UPWPs).

There are also other MDOT staff and state agencies that support the administration of federal programs. The Bureau's Administrative Division manages the preparation and execution of state/local contracts. The Office of Equal Opportunity manages the department's Title VI, DBE, and EEO programs. Our Bureau of Finance and Administration executes contracts, provides accounting support, prepares and submits FTA financial status reports, and conducts ECHO drawdowns. Planning has the lead on the statewide long range planning process. BPT participates by working with the transit community and attending public hearings.

## **ITEM C. COORDINATION**

The Governor and the legislature have charged MDOT with the responsibility for developing coordination/consolidation as a means of achieving enhanced efficiency and effectiveness of passenger transportation services throughout the State of Michigan. Significant progress in this regard has been made over the years. Cooperative efforts among public transportation agencies/authorities and groups/agencies in their communities have been and continue to be central to meeting this objective.

Section 10(e)(4)(c)(i) of Act 51 of the PA of 1951, as amended, requires all transit agencies to submit a coordination plan to be eligible for state or federal funding. The coordination plans are an important component of BPT funded programs. Existing coordination accomplishments and the transit agencies' plans to continue to improve those efforts in providing quality transportation are primary goals. These coordination plans are part of the applications that are submitted annually to BPT.

The plans and/or updates in the annual applications for state and state-administered federal public transportation financing are reviewed to ensure that coordination requirements are met. State and state-administered federal funds may not be programmed unless it is determined that coordination requirements are adequately addressed by the applicant. Section 5311 recipients are subject to this review.

MDOT has project managers assigned statewide working directly with all agencies to enhance and implement service coordination.

Also, to promote coordination among state departments, between 2003 and 2004, the BPT led a United We Ride Team with state agencies such as the Department of Human Services, the Department of Community Health, the Department of Labor and Economic Development, the Department of Education, and the Developmental Disability Council, and other stakeholders. MDOT consults individuals from this team, as needed, to provide state agency, service provider and user perspectives, make recommendations for improvement in transportation services for the elderly and individuals with disabilities, and provide feedback on applications and information for new programs before finalizing program requirements and guidelines.

## **ITEM D. ELIGIBLE RECIPIENTS**

Section 5304 funds are apportioned among the states by a formula which is based on the ratio equal to the population in each State's urbanized areas (UZAs), divided by the total population in UZAs in all the States, as shown by the latest available census prepared by the Bureau of The Census. However, a State must receive at least 0.5 percent of the amount annually apportioned. The State is the designated recipient and applies directly to FTA for Section 5304 grant funds. Eligible subrecipients are States, authorities of the States, MPOs, local governmental authorities, and operators of public transportation systems.

Section 5303 funds are apportioned among the states by a formula which is based on the ratio equal to the population in each State's urbanized areas (UZAs), divided by the total population in UZAs in all the States, as shown by the latest available census prepared by the Bureau of The Census. Eligible applicants are the MPOs which are designated for each urbanized area with a population of more than 50,000 individuals.

#### **ITEM E. LOCAL SHARE AND LOCAL FUNDING REQUIREMENTS**

This program provides funds for planning activity projects. FTA requires a state/local match to access federal funds. Projects are matched 80 percent federal with a 20 percent state or local match. The funding provided by the state is cash. From FY 2005 through FY 2010, toll revenue credits were used to provide some of the local match. All local share funding must be provided from sources other than Federal DOT funds. Sources of local match will adhere to the guidelines described in the circular.

#### **ITEM F. PROJECT SELECTION CRITERIA AND METHOD OF DISTRIBUTING FUNDS**

Projects applied for through Section 5304 are selected through an annual statewide competitive review and selection process. Applications are due on March 1, of each year. A team of staff from both BPT and BTP evaluate each project based on set criteria. If there are insufficient funds for all eligible projects, contracts are awarded based on the scores.

Applications are scored and evaluated using the following criteria:

- Supports the economic vitality of the metropolitan area, especially by enabling global competitiveness, productivity, and efficiency;
- Increases the safety of the transportation system for motorized and nonmotorized users;
- Increases the security of the transportation system for motorized and nonmotorized users;
- Increases the accessibility and mobility of people and freight;
- Protects and enhances the environment, promote energy conservation, improve the quality of life, and promote consistency between transportation improvements and State and local planned growth and economic development patterns;
- Enhance the integration and connectivity of the transportation system, across and between modes, for people and freight;
- Promotes efficient system management and operation, including training;
- Emphasizes the preservation of the existing transportation system; and
- Provides evidence of local support, which may include local funding.

#### **ITEM G. ANNUAL PROGRAM OF PROJECTS DEVELOPMENT AND APPROVAL PROCESS**

Section 10(e) 6 of Act 51 of Public Acts of 1951, directs the department to annually prepare and distribute by December 1, instructions to eligible agencies to enable the preparation of a local transportation program. The application forms for Section 5304 are contained in the electronic PTMS module of the Transportation Management System database, created by MDOT. The instructions and application forms may also be obtained on our web page, or if requested, can be sent via mail.

The application requires information on the following sections:

1. Program Statement.
2. Project Objective and Description.
3. Product Deliverable.
4. Time Frame.
5. Budget.
6. If applicable, letters of support.

Copies of the applications are on file with BPT. The applicants are required to hold public hearings when applicable. From these applications BPT prepares a program of projects along with all required certifications for submittal to FTA. Upon approval of the program, MDOT processes a contract between MDOT and the local agency.

Planning provides MPOs their annual allocation in February of each year. The MPOs develop their UPWPs based on their annual allocation amounts. Each MPO considers projects and strategies that support economic vitality of the metropolitan area, increase safety and security for the transportation system, increase accessibility, protect and enhance the environment, enhance integration, promote efficient and effective operations and emphasize preservation of the existing system.

## **ITEM H. FUNDS TRANSFERS**

It has been MDOT's practice not to use Section 5304 funds for administration. If we deem it necessary to use funds for administration at some point in the future, we will develop a policy/procedure and revise the management plan. We do transfer some Section 5304 funds to the Section 5303 to supplement small urban agencies.

## **ITEM I. STATE ADMINISTRATION AND TECHNICAL ASSISTANCE**

MDOT provides technical services to agencies awarded 5303 and 5304 funds. In addition to the Section 5304 program manager, a BPT project manager is assigned geographically, covering all 83 counties in the state. The project manager will provide project oversight and technical assistance as needed if the project selected is within their geographical service area. Statewide training needs are determined annually and the level of state and local funding available determines the delivery of training. Previous training plans have included Frontline Training, Drug and Alcohol, Small Bus Roadeo, Financial Management for

Transit, Vehicle and Equipment Seminar, and the Statewide Transit Conference. Each MPO has a project manager that provides technical and administrative assistance to each area.

BPT's Web page is a source of information to the agencies and is a way for MDOT to provide technical and management assistance. Information found in the website include: application instructions and forms; audit and accounting information, transportation laws and regulations; procurement; publications; calendar of events; links to other web sites of interest.

## **ITEM J. PRIVATE SECTOR PARTICIPATION**

All state application requests are subject to public notice and the application must be available for public review for a period of 30 days. Agencies applying for 5304 funds are encouraged to involve the private sector and when feasible contact private providers to evaluate possible areas where they could assist with the provision of the project.

## **ITEM K. CIVIL RIGHTS**

Beneficiaries of state and/or federal funds from MDOT are required to submit a Title VI program which assures full and affirmative compliance with the requirements of the Civil Rights Act of 1964. Each contract, bid document, and proposal contains language pertaining to Title VI and DBE compliance. Sanctions for noncompliance include withholding of payments, withholding of bidding privileges, and reductions in prequalification ratings of construction contractors.

Pursuant to 49 CFR, Part 26, MDOT has implemented a DBE program which requires that a DBE policy and obligation statement be included in each contract. Additionally, as required by 49 CFR, Part 26, MDOT has established both overall goals and contract goals to ensure that DBEs have the maximum opportunity to participate in contracts funded in whole, or in part, with federal funds.

## **ITEM L. DESIGNATED RECIPIENT PROGRAM MANAGEMENT**

### **Cash Flow and Control of Funds**

Once the program is approved by FTA, payments can begin to be made. Payments are based on actual invoices and a written request for reimbursement by the subrecipient. Payments are made to the agency using state funds and then MDOT requests reimbursement from FTA. Audits and close-out are performed in accordance with State and Federal requirements.

MDOT enters into a contract with the agency that specifies the obligations of both parties and sets a maximum amount of reimbursement of Section 5304 funds. The contract also

stipulates that the State of Michigan and FTA have the authority to audit the records and operations of the agency. Each agency is audited by a Certified Public Accountant and/or MDOT's Commission Audits. Final close-out is performed using actual audited revenue and expense figures.

### **Monitoring and Evaluation**

A project summary of activities is submitted with each payment request. Project managers review each payment and the activity reported. If the information submitted is accurate, the payment is requested for reimbursement.

### **Financial Management/Accounting Systems**

MDOT maintains a financial management system of financial reporting, accounting records, internal controls, and budget controls subject to standards specified in state laws. The Michigan Administrative Information Network (MAIN) is responsible for the implementation and operation of a fully integrated automated financial management system for the State of Michigan.

The Contract Tracking System (C-TRAK) tracks and maintains information about BPT contracts, contract amendments, authorizations, authorization revisions, and vendors. It provides access to and maintenance of data and it provides a querying tool for customized reports and pre-defined reports.

### **Procurement**

Procurement can be conducted directly by the subrecipient or through MDTMB's MiDeal Program. MDOT supplies subrecipients with guidelines outlining all federal and state requirements for procurement of vehicles. MDOT reviews all local procurements for all federal requirements. We review procurements for all federally required clauses and ensure that subrecipients provide for full and open competition. The use of in-state or local preference clauses is not allowed. MDOT requires that subrecipients follow the Brooks Act for all architectural and engineering procurements that lead to construction.

For procurements greater than \$3,000 and less than \$100,000, MDOT requires that subrecipients document competitive quotations. For procurements of \$100,000 or greater, agencies must issue invitations for bids (IFB) or Request for Proposals (RFP) depending on the type of procurement. MDOT will review and approve all IFBs and RFPs if the federal funds flow through MDOT. MDOT will also review and approve all third party contracts of \$25,000 or greater unless the certified according to STC Policy.

## **ITEM M. OTHER PROVISIONS**

**Lobbying Restrictions.** Agencies applying for federal assistance exceeding \$100,000, must certify that no federal appropriated funds have been paid or will be paid, on their behalf, to influence or attempt to influence anyone pertaining to the award, continuation or modification of federal assistance. If funds other than federal appropriated funds have been used for this purpose, the agency is instructed to complete the Standard Form-LLL, "Disclosure Form to Report Lobbying."